



SUSTAINABILITY POLICY

CJ SELECTA

Summary

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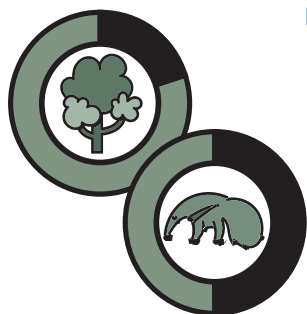


CJ Selecta Sustainability Policy

CJ SELECTA UNDERSTANDS THAT SUSTAINABLE DEVELOPMENT IS THE ONLY WAY TO CONDUCT YOUR BUSINESS AND WORKS TOWARDS CREATING POSITIVE IMPACTS ON THE ENVIRONMENT AND SOCIETY.

As a soy buyer, CJ Selecta recognizes its important role in market transformation to guarantee a low carbon economy, sustainable production, global food security, preservation of natural resources, respect for human rights and indigenous peoples.

CJ Selecta Together with its suppliers, CJ Selecta seeks to continually reduce negative social and environmental impacts and create positive impacts throughout the value chain. Beyond legal compliance, CJ Selecta is committed to addressing 2 key challenges that are vital to a sustainable soy value chain: deforestation/conversion, and climate change, as the data from when this policy was formalised indicates.



- ▶ **DEFORESTATION AND CONVERSION:** According to TerraBrasilis¹, in 2018 the Amazon biome had already lost 20% of its original vegetation and the Cerrado biome had lost 50%. Deforestation and conversion in Brazil continue to grow, driven by illegal occupation, illegal logging, and cattle ranching to expand into areas followed by commodity and soy production.

¹ TerraBrasilis – Geographic Data Platform (inpe.br)

CJ Selecta recognizes its key role to promote a deforestation and conversion free (legal and illegal) soy supply chain.



- ▶ **CLIMATE CHANGE:** Agriculture and changes in the land use are a leading contributor to Brazil's greenhouse gas emissions (GHGs). Land use change accounted for 44% of Brazil's emissions in 2018, 88% of which are related to deforestation and land conversion in the Amazon and Cerrado biomes, according to the *Sistema de Estimativas de Emissões e Remoções de Gases de Efeito Estufa* (Greenhouse Gas Emission and Removal Estimating System, or SEEG)².

CJ Selecta recognizes its responsibility to help reduce the soy carbon footprint, halt deforestation, and promote good agricultural practices which reduce GHG emissions.

CJ Selecta sees these challenges as essential to business success as stakeholders and clients increasingly demand action.

² OC_nota_tecnica_FINAL.pdf (seeg-br.s3.amazonaws.com)

1. OBJECTIVES

This policy formalizes CJ Selecta's guiding principles and procedures designed to contribute to a sustainable soy value chain and it reinforces CJ Selecta's long-term vision to become a global reference in soy nutrients through innovation, quality, and sustainability.

It is based on the Accountability Framework Initiative (AFi), a set of common standards and guidelines for establishing, implementing, and monitoring ethical supply chain commitments in the agricultural sector. It will be applied by August 2021.

2. SCOPE

This Commitment is applicable to all CJ Selecta regions, biomes and operations of the soy supply chain including direct suppliers (e.g: soy producers), intermediaries (e.g., other traders, brokers, silo owners, cooperatives, etc.) and indirect suppliers (e.g., producers of soy purchased by intermediaries).

All supplier operations must adhere to this commitment, especially those with operations in the Amazon and Cerrado biomes.



3. TARGETS

CJ Selecta is committed to developing a sustainable soy supply chain by 2025, including achieving a deforestation and conversion free soy supply and reducing GHG emissions throughout the chain based on good agricultural practices.



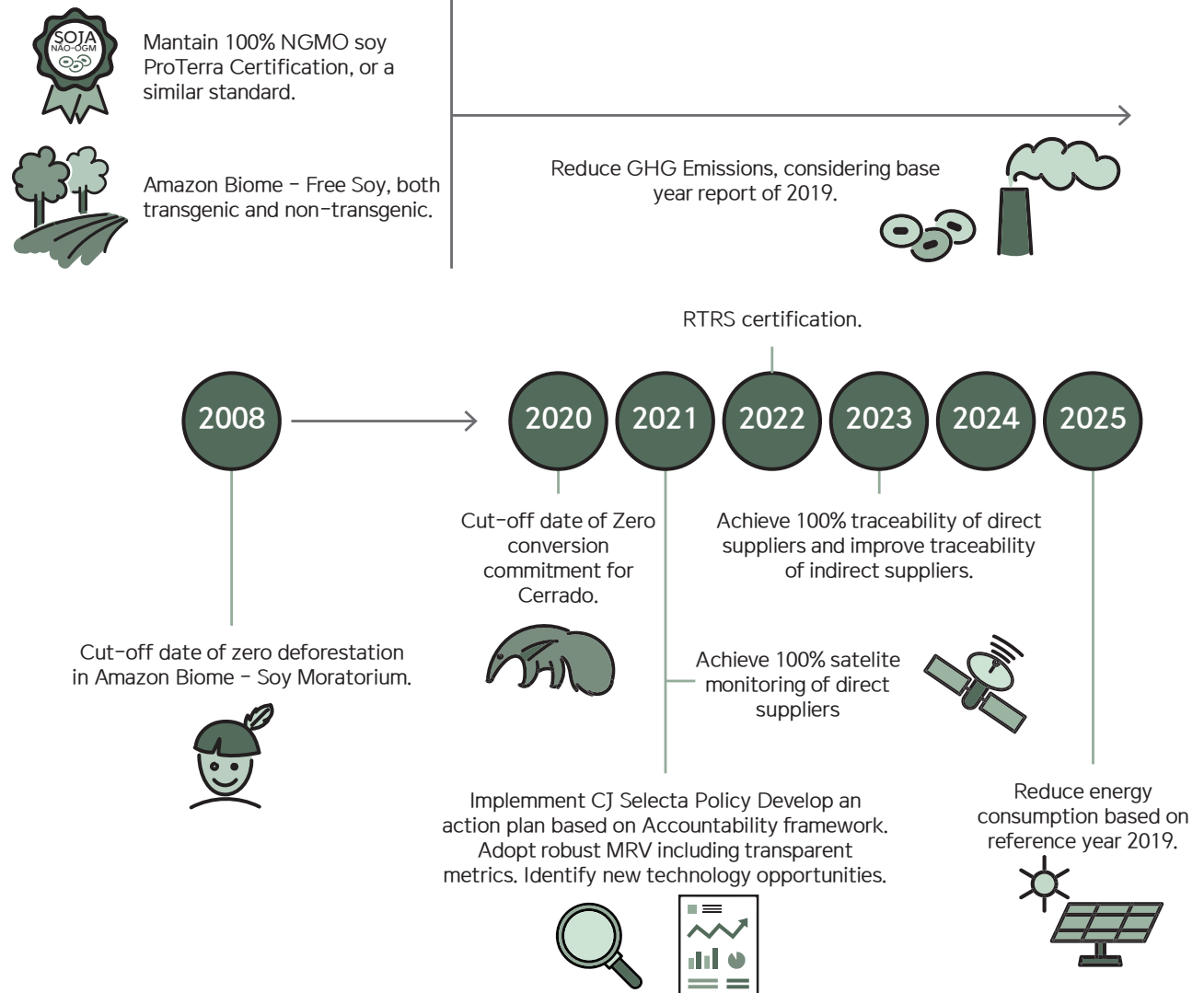
To help ensure we meet this goal, CJ Selecta commits to:

DEFORESTATION – AND CONVERSION – FREE SOY SUPPLY

- ▶ Establish July 2008 as the cut-off date for the Amazon biome in compliance with the Soy Moratorium, and August 1, 2020 as the cut-off date for the Cerrado biome;
- ▶ Maintain 100% of Non-GMO soy certified with PROTERRA and other recognized certifications that include deforestation and conversion free requirements;
- ▶ Align CJ Selecta's policy implementation to the AFi by conducting a DCF assessment and developing a DCF implementation plan by 2021;
- ▶ Adopt a robust monitoring, verification, and reporting (MVR) approach including transparency metrics by 2021;
- ▶ Achieve 100% traceability of direct suppliers (e.g. soy producers) by 2023 and improve traceability of indirect suppliers;
- ▶ Have 100% of farm areas audited onsite by 2025;
- ▶ Become Amazon biome free (not buy any NGMO and GMO soybeans from Amazon biome);
- ▶ Stimulate the expansion of soy production to open and degraded areas, avoiding new areas of deforestation.

LOW CARBON ECONOMY:

- ▶ Set science-based targets to reduce scope 1 and 2 GHG emissions with 2019 as a base year, and report on related indicators for greenhouse gases (GHG) by 2021;
- ▶ Identify new technology opportunities by 2022 (e.g. photovoltaic energy and energy-efficient machinery);
- ▶ Reduce energy consumption by 2025, with 2019 as the base year.
- ▶ Reduce Soy Protein Concentrate carbon footprint by 20% by 2025, compared to 2019.
- ▶ Set science-based target to reduce scope 3 GHG emissions with 2020 as a base year, and report on related indicators for greenhouse gases (GHG) by 2022.

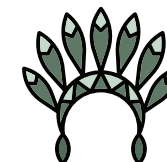




OTHER TARGETS



- ▶ Maintain 100% suppliers in compliance with the law;



- ▶ Respect sensitive biomes, biodiversity, indigenous peoples, and natural resources (e.g. water resources);



- ▶ Respect local communities and property rights in all operations;



- ▶ Declare it owns its own industrial and commercial operations;



- ▶ Establish social indicators by 2022.

Supplier engagement is essential to achieve those goals. CJ Selecta will establish a collaborative action with producers, intermediaries, governments, and NGOs to apply best agricultural practices that support the suppliers to achieve CJ Selecta's goals.

4. POLICY REQUIREMENTS

CJ Selecta developed requirements that reflect its expectations for all suppliers to comply with this policy:



- ▶ Comply with all Brazilian environmental, social, biosafety protection and sanitary laws, normative rules, applicable regulations and necessary licenses.



- ▶ Guarantee no-deforestation and no-conversion of natural vegetation in the supply chain.



- ▶ Reduce their Scope 3 GHG emissions and the carbon footprint of all soy produced.



- ▶ For more information, please refer to the Supplier Relationship Policy or the detailed Sustainability Policy.



5. COMMITMENT IMPLEMENTATION

For the application, measurement and evaluation of its progress in its sustainability commitment, CJ Selecta bases its policy implementation on four key elements designed to ensure strong sustainable soy supply chain management:



- ▶ Traceability and Risk profile
- ▶ Stakeholder Engagement
- ▶ Monitoring, Reporting and Verification (MRV)
- ▶ Collaboration and policy advocacy

Traceability and Risk profile: Maps the supply chain to facilitate full traceability to region, municipality, and farm/property. Performs socio-environmental and legal compliance risk assessments throughout the supply chain.

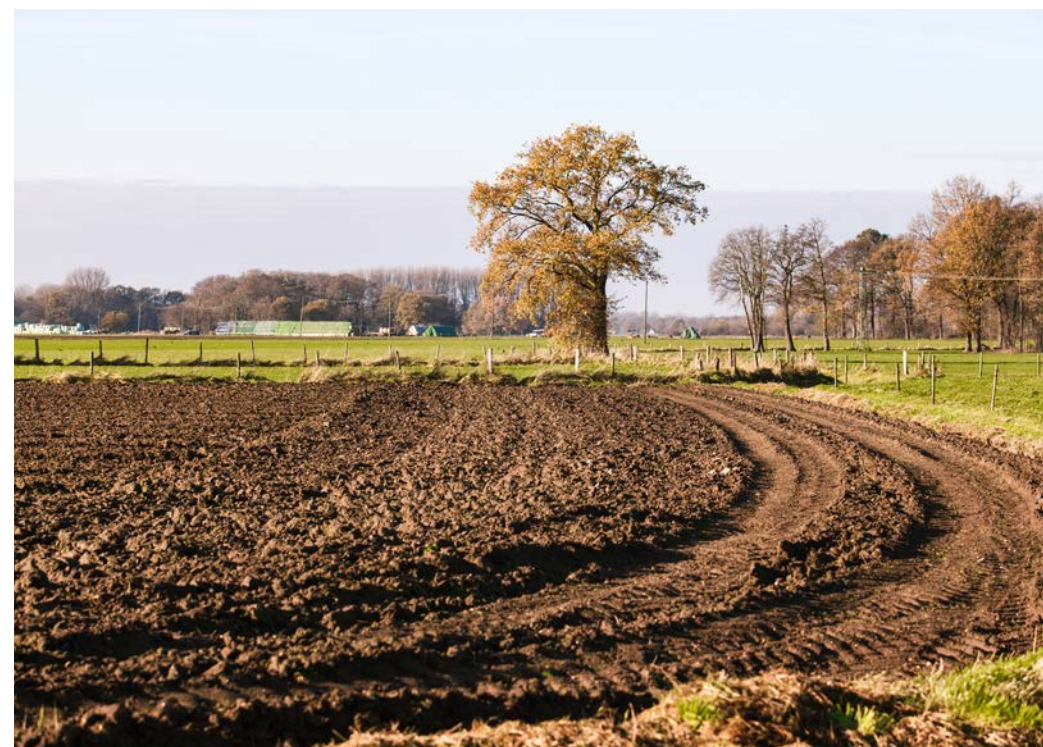
Stakeholder engagement: Ensures suppliers provide all required information and documents. Delivers capacity building programs to support suppliers and develops engagement plans.

Monitoring, Reporting and Verification (MRV): Uses monitoring processes and tools to track and verify the origin of each purchase and to measure performance. Reports on implementation and progress.

Collaborate and policy advocacy: Actively participates in collaborative initiatives and advocates for public policy to promote forest conservation and a climate positive agenda. Addresses the challenges to achieve compliance with socio-

environmental laws, deforestation – and conversion – free targets, and low carbon economy principles, such as access to public databases, deforestation and conversion data, farm registration data, and sectoral requirements, promoting standardized data transparency throughout the sector, due diligence legislation, etc.

For more information about the Policy implementation strategy, please refer to the detailed policy.



6. GOVERNANCE AND INTERNAL OPERATIONS

CJ Selecta's sustainability committee, composed of its President, COO, Industrial Director, Origination Manager, and Sustainability Manager, is responsible for the definition and validation of internal protocols (from the performance of traceability processes to the socioenvironmental and legal compliance verification) and for executing contract termination when suppliers are not in compliance with CJ Selecta requirements. The committee assesses socioenvironmental KPIs to analyze the progress made by CJ Selecta towards the established goals.

The competent areas involved in the implementation of the commitments are the Origination department and the Sustainability team, which was created in 2019 to consolidate and manage all projects, initiatives and actions related to the efficient use of resources, communication with supply chain actors, audits, requirements, regulatory compliance, deforestation – and conversion – free supply chain standards and carbon footprint reduction. In spite of the collaboration between both departments, they operate independently while assessing procurement operations, ensuring there is no conflict of interest between them.

REPORTING AND TRANSPARENCY

In terms of Reporting and Transparency, CJ Selecta understands that responding to demands from stakeholders is an important step towards transparency. A more detailed version of the document will also be presented in a special policy implementation report.





The following indicators will be measured and publicized:

- ▶ % and # of suppliers in total compliance with this commitment
- ▶ % of the volume of soy purchased to which requirements are applied in line with the company's policy
- ▶ % of volume and # of suppliers that the Company verifies to comply with its requirements by tiers (direct and indirect suppliers)
- ▶ GHG emissions by supply chain tiers

An unrivalled company in soy nutrients, with
innovation, quality, and sustainability.



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