Group Sustainability Report 2022

Innovating for change

Group Sustainability Report 2022
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ECOM Group Sustainability Report 2022
Welcome to ECOM’s Group Sustainability Report.

We are pleased to bring you our Group-wide sustainability report, built around our three key sustainability commitments: improving farmer and worker livelihoods, protecting and regenerating nature, and managing change through transparency and traceability.

As an origin-integrated business, ECOM Agroindustrial Corp. Limited and its group ("ECOM") invest from source to customer, maximising efficiencies and innovation throughout our network to create a more agile value chain. This allows us to meet our sustainability commitments by ensuring greater transparency and accountability throughout our operations.

This report covers the Group’s global activities across our three principal commodities of coffee, cocoa and cotton, including origin sourcing countries, secondary sourcing regions, our factories and offices.

Our coffee and cotton businesses have clear sustainability targets and baselines, supported by a variety of programmes. In our cocoa business, our commitments are expressed as established KPIs. You can read about how all these activities are being planned and rolled out in these pages.

The Group’s environmental and social initiatives are in large part undertaken in collaboration with partners, including clients, donors, NGOs, research centres and area experts. We have credited these partners, where appropriate, throughout. All financial figures are reported in US dollars (US$), unless otherwise stated.

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1 Introduction

"From farm to trade desk, sustainability is at the core of our wider business strategy."

Pamela Schreier
ECOM Cocoa Senior Global Sustainability Manager
At ECOM, we are on a mission to create sustainable futures, by working collaboratively to help farmers around the world improve their livelihoods, protect and regenerate nature, and manage change through transparent, responsible supply chains.

With over 170 years of experience in the commodities sector, we recognise the role ECOM can play in addressing the social and environmental challenges that come with trading raw materials. As a global supplier, operating in more than 40 countries and trading the equivalent of 550k+ metric tonnes of sustainable raw product, we have the power to drive meaningful change across the commodities sector.

This Group Sustainability Report is part of our longstanding commitment to sustainability, in which we share our 2022 progress, learnings and our future actions to establish sustainable, ethical practices across all our supply chains.

**Sustainability as part of our strategy**
ECOM is committed to a Group-wide strategic approach to sustainability. As early adopters of certification and advocates of farm-level support, we have spent nearly two decades embedding sustainable, ethical practices into our coffee, cocoa and cotton supply chains worldwide. Over the course of 2022, we have been further integrating our sustainability commitments into every aspect of our operations, working effectively with our partners to make them real and actionable.

**Due diligence**
With climate change and human rights regulations intensifying, global businesses encounter stricter sustainability regulations for their actions and reporting. ECOM’s decentralised, origin-integrated structure gives us exceptional access at every point along the supply chain, so we can meet these compliance and risk management requirements efficiently and accurately. One of our ongoing initiatives is to remain compliant with the new global and EU regulations at all times. We believe that this more structured approach to sustainability will continue to develop in the years to come – working to anticipate it can only help global efforts.

**Innovating for change**
We believe that it’s only by harnessing the latest technology and encouraging the most agile thinking in our people, customers and farming partners worldwide that we will be able to create real improvement in farmer livelihoods and effect long-term, sustainable change. From phone-based apps designed to drive better data collection, to new financing schemes that will empower women in rural communities, ECOM is committed to maintaining our pioneering spirit and innovative approach to change farmers’ lives and improve the outlook for the environment.
2022 Group overview

This page shows key data relating to ECOM’s operations and supply chain, which span the globe and include farming, processing, and sales to some of the world’s leading manufacturers.

170+ Years of history

40+ Countries in operation

550k+ MT of sustainable raw product equivalent traded

150+ Sustainability projects worldwide

Net Zero

Committed to becoming Net Zero by 2050

24% As the percentage of total energy from sustainable sources

100% As the percentage of industrial water recycled/treated in a year

300k+ Farmers on digital platforms
1.2 ECOM’s divisions

ECOM is an origin-integrated company, with our own traceable, sustainable and client-specific supply chains. We procure commodities directly from the farmer, provide primary processing, logistics and risk management services and sell to branded product manufacturers.

ECOM operates in more than 40 countries and works with thousands of farmers and local businesses. We employ more than 1,500 agronomists and field technicians on the ground worldwide and have over 6,000 employees in total.

ECOM has three core businesses:

- **Coffee** – we are one of the top coffee traders in the world, operating in 29 countries with over 20 origin countries and 85 sales destinations.
- **Cocoa** – we are one of the world’s largest cocoa traders and processors, operating in 19 countries and sourcing quality beans from over 30.
- **Cotton** – operating in 7 origin countries and 36 sales destinations.

See where each of our core businesses operates on the map.
2 Sustainability at ECOM

“We need to tackle the climate crisis we are experiencing together – and we need to do it now, so that we leave a better planet for our kids.”

Teddy Esteve
ECOM Coffee CEO
2.1 Supply chains

Supply chains
For each of our core businesses, the supply chain is long and complex, going from origination, to primary (and, for coffee and cocoa, secondary) processing, to export, to warehousing and finally merchandising. ECOM is active at each point along this journey: to support farmers and producers on the ground during the growing process and to constantly innovate to extend efficiencies throughout the processing, shipping and warehousing steps. Because of this, we are able to ensure greater transparency and traceability along the whole supply chain in order to ensure long-term sustainable change.

We are for farmers
At ECOM, we have more than 650k farmers in our global supply chain. And we want them to be successful. Our on-the-ground agronomists and wide range of services help them, their families, their crops and their communities to thrive. Through Sustainability Management Services (SMS), our sustainability arm created in 2004, we implemented more than 150 programmes at origin in 2022, engaging with over 300k farmers across the world. Our farmer-centred incentives and training include everything from technical assistance to financing, helping farmers to adopt climate-smart growing practices, increase productivity and invest in their own land. Wherever we source, we have roots in the community. For example, our education programmes educate and empower women and, with our partners, we work towards the eradication of child labour.

Advances in traceability
Traceability is key to sustainability. Throughout 2022, the ECOM Group has continued to focus on further developing our already strong traceability efforts across our principal commodities, using our local presence and connections to track commodities along the supply chain. As well as our work on the ground, we give our customers confidence through extensive certification and verification programmes – we offer certification from the world’s most recognised initiatives, including Fairtrade and Rainforest Alliance.

Traceability today is increasingly supported by technology. The ECOM Group was an early investor in innovative practices such as developing phone-based apps to improve the efficiency of data collection and tools such as GIS mapping. Looking ahead, we’ll continue to explore how these tools can help us find innovative new ways to be impactful.

Supply chain management
Our origin-integrated business gives us access to suppliers and local stakeholders in all our areas of operation, which in turn delivers enhanced risk assessment, monitoring and compliance. This year, we have been working with our direct and indirect suppliers using new solutions such as Sourcemap to go even deeper into digitalising the supply chain, so we can meet more of our sustainability commitments and give our customers even more assurance.
2.2 Our material issues

Following the global SMS team’s comprehensive materiality assessment in 2019, ECOM has used the priority issues identified to set sustainability targets for our core businesses, grouped into three commitments, or pillars (see p11).

In 2022, we have further developed our work in this area to define specific goals and metrics for each commodity, as outlined on the following page.

We acknowledge that topics (such as deforestation) included in this materiality assessment have increased in their importance to our business and sustainability strategy.

ECOM is planning to renew this exercise with a dual materiality assessment in the coming sustainability reports.
Our commitments

The ECOM Group’s sustainability strategy has six key commitments, grouped into three pillars:

- Improve farmer and worker livelihoods:
  - Empowering farmers, workers and their communities to optimise their profitability and ultimately remove poverty
  - Eliminating breaches of human rights through proper risk identification and remediation

- Protect and regenerate nature:
  - Optimising our natural resource management practices
  - Improving farmer resilience to the effects of climate change
  - Becoming a Net Zero emissions company in our Scope 1, 2 and 3 by 2050

- Manage change through transparency and traceability:
  - Ensuring responsibility in our supply chains
3 Improving farmer and worker livelihoods

"We have created a clear framework to focus our efforts and track our progress towards a sustainable future for farmers, their crops and the planet."

Nicolas de Wasseige
Co-CEO of Cocoa
Introduction: Improving farmer and worker livelihoods

The ECOM Group is family-owned. Our values guide the way we work with our farmers – we believe that they, like everyone, deserve dignity, respect, to be treated with fairness and to have the opportunity to thrive. We support and empower our farmers in a number of ways.

Connecting farmers to markets
To have economic security, farmers need to be able to sell their product. By providing the training and support they need to invest in sustainable practices at farm level, ECOM enables farmers to improve their productivity and thereby have more to sell. The accredited certifications our farmers gain make their crop more marketable, as does the enhanced quality that comes from better farming practices.

Security through diversification
One of the key challenges our farmers face is lack of steady revenue. Crops are harvested only once or twice a year – and they only receive payment at these times. By encouraging them to look at their farm as an ecosystem, rather than a mono-crop land, we can enable farmers to grow other crops and earn revenue at other times of the year, which they can use to invest in their farm. Growing other trees, bushes and cover crops can also have a positive impact on the environmental health of the farm, improving soils, providing protection from wind and temperature changes and providing shelter for biodiversity that in turn regulates pests. Alongside practical training and support, ECOM gives access to financial services that can help support the diversification process.

Human rights
We recognise that many human rights infringements are driven by systemic poverty. Although monitoring and remediation are important tools in identifying when and where human rights are breached, our focus is on preventing their occurrence in the first place, by breaking the cycle of poverty. When farmers are able to cover production costs from increased productivity and revenue, they are far less likely to turn to family members, including children, or low-cost labour, to survive. ECOM’s programme of infringement prevention is complemented by access to information and education about labour rights and practices.

Earning a living income
ECOM is working with several partners to carry out living income baseline analysis across every touchpoint of our supply chains. Once we understand the current status, we can then plan projects and activities to improve workers’ incomes. Already, our work on the cost of production and improving productivity is improving livelihoods at farm level.

We work with farmers and consult with communities to make sure the decisions we take are right for them, their crops and for the planet.

Rita Bouhout Nègre
Global Head of Marketing and Communication
35-year-old Abena Oforiwaa joined ECOM Ghana’s farmer group in 2020. Previously, the yield from her 3.14ha of land was very low, due to a lack of investment capacity and technical know-how in managing good agricultural practices (GAPs) and good environmental practices (GEPs). She also had no alternate source of income, which resulted in her facing major financial challenges and an increased financial burden on her husband.

During her time in our farmer business school, Abena was introduced to several initiatives, including the Village Savings and Loan Association (VSLA). Encouraged by field officer Mr Kojo Opoku, she joined the Association in 2021. With her own savings and a loan from the VSLA, Abena adopted the Additional Livelihood Programme and is now cultivating cabbage on 2 acres of land. In the first harvest, she reaped 65 sacks of cabbage, netting her GHS 10,500 ($814.11).

Abena says, “I couldn’t have established and managed the farm without the VSLA loan. In fact, land clearing, seeds, fertiliser, agrochemicals, and labour expenses were all covered by the loan from the VSLA. I am a happy woman now because I can see a great relief from my financial burden...our kids are enjoying their education with no school fee arrears.”

Coffee Management Services Limited (CMS) is ECOM’s service provider in Kenya. Since 2012, CMS has been supporting farmers to increase their resilience and improve their livelihoods through a number of initiatives. We have supported more than 50,000 farmers to achieve certification to standards including Fairtrade or Rainforest Alliance, with the assurance this gives potential customers opening up new markets for them. In partnership with DEG and Self-help Africa, we have invested in eco pulpers for processing, which save on time and water, as well as producing higher quality coffee. We have also run income diversification programmes to help improve farmer resilience and promote stable, sustainable coffee production.

Another key CMS partnership is with Rainforest Alliance in the Mt Kenya Sustainable Landscape and Community Programme. This seeks to connect farming households with landscape services and markets in order to improve their livelihoods. The programme uses climate risk mapping, training and digital technology to support farmers to implement regenerative practices such as composting and mulching, increase their organic inputs, and reduce the use of synthetic fertilisers and pesticides. To date, we have helped 25,000 farmers embrace these services.
Rural farming communities around the world face poverty due to poor productivity and local economic pressures. Global factors, including commodity prices, also have a significant impact.

Poverty puts pressure on farmers and makes it more likely that they turn to family members, including children, to work on their farms. In many instances, this can constitute a breach of globally recognised human rights.

At ECOM, we are committed to supporting our farmers to help end these practices. As an origin-based business, we can monitor our supply chain closely to identify and mitigate human rights breaches wherever we see them. Thanks to the trusted relationships we have built over many decades across our indirect supply chain, we can also monitor human rights on a larger scale.

We want to go beyond monitoring, however - we want to create conditions that mean human rights breaches do not happen in the first place. The programmes we have in place provide farmers with advice and practical support to prevent the use of illegal labour, have access to safe and fair workplaces, and create communities where their children can thrive.

Our human rights policies have been developed in line with leading international standards including:

- The United Nations Universal Declaration of Human Rights
- The International Labour Organisation core labour standards, conventions 182 (worst forms of child labour) and 138 (minimum age)
- Applicable laws governing child labour, slavery, forced or compulsory labour, and human trafficking

We also have our own Supplier Code of Conduct, which outlines the behaviours and standards we expect from stakeholders across our supply chains and details our position on legal and ethical compliance, human rights and labour and health and safety.
3.5 Child labour

Not all work performed by children on farms is considered child labour. ECOM uses the International Labour Organization’s (ILO) definition:

“Child labour is work that is mentally, physically, socially or morally dangerous and harmful to children and/or interferes with their schooling.”

Assessing child labour in our supply chain

As well as posing immediate physical risk, child labour has been linked to many adverse long-term effects, from lower wellbeing to poor mental health. These negative outcomes can be passed to the next generation, contributing to the perpetuation of child labour and poverty.

Child Labour Monitoring and Remediation System (CLMRS), the foundation of child protection programmes, is a trusted monitoring system that allows for the identification and monitoring of child labour incidences. The diagram opposite shows how we apply it at ECOM Cocoa.

However, ECOM recognises that child labour is a systemic issue arising from poverty — and that to solve a systemic issue, we need to go beyond monitoring and address the root causes. To that end, we are investing in deeper learning trajectories and considering labour as part of a broader context.

Modernising agriculture and promoting safe tools and equipment are key ways in which we can address these broader challenges. In Ghana, ECOM Cocoa is working with MICROMEC to make tools and technologies available to improve smallholder farming in a cost-effective way, thus increasing sustainability and income diversification, as well as reducing the need for family labour. ECOM plans on training young people in franchising the MICROMEC model, thereby creating entrepreneurial opportunities within the community.

We are also exploring developing career paths in all our origins for young men and women from cocoa-growing communities via, for example, direct recruitment from agricultural colleges and paid community internships. We believe that by taking a holistic view of child labour, one that addresses its root causes, we will achieve our ambition of moving towards a more positive outlook that prioritises children’s wellbeing.
Casas de la Alegría (Houses of Joy) is an expansion of the Alianza de Sueños (Dream Alliance) project, set up to prevent the risk of child labour in Cluster del Sur region in Costa Rica during the coffee harvest. The first house opened in Costa Rica in December 2022. Localised in a local community centre, it has capacity for 30 children from the ages of 2 to 12, one teacher, one assistant and one cook and is designed to stimulate the children and help them learn, with open spaces for physical activity. The project, brought to life in partnership with Nespresso, promotes social and cultural interaction, sports, the environment, artistic expression and good hygiene habits. The school also provides four meals a day, drinking water, and access to a company doctor.

The building and running of the Casas de la Alegria has created 12 direct and many more indirect employment opportunities in the area. Thanks to the support from ECOM and several other international coffee companies, 2023 has seen three more Casas de la Alegría (Houses of Joy) built, providing space and protection for 120 children in the Alajuela and San José regions of Costa Rica, so they can enjoy a better future.

In 2022, as part of the Nigeria Resilient Cocoa Farmers Programme, ECOM Cocoa conducted a study with Solidaridad West Africa, looking at children’s involvement in cocoa farming. A total of 553 children between the ages of 5 and 17 were interviewed, with most children reporting they lived with both parents and over 97% currently attending school. The study assessed the specific hazardous and non-hazardous activities carried out by these children, using categorisation based on Nigerian law. The results show most activities are non-hazardous, including fetching water for drinking or cooking (81.8%) and scooping beans from cocoa pods (75.1%). On average, a child is spending 2–3 hours per week working in cocoa, with most work done after school. 13.1% of the children indicated they had suffered some form of injury while working on the cocoa farm over the last six months, with older children more likely to be injured than younger.

As a result of these findings ECOM’s cocoa team aims to build rural service centres where we can implement training to promote a clear demarcation between child work and child labour, engage the community on better ways to transfer knowledge without endangering children, and encourage schools and communities to participate in child labour monitoring and remediation.
3.8 Bridging gender gaps

In all three of ECOM’s core businesses, there is a sizable gap between male and female representation in the supply chain in terms of income, skills training and financing. Because their contributions are often not properly recognised, and they have less financial control, opportunities for women can be limited.

By fostering innovation, we’re empowering women to develop deep expertise and to use their diverse skills to make a meaningful impact. This includes providing catered support by investing in gender equity programmes and training women farmers to adopt innovative farming practices.

To further support the assessment of our own farmer support practices and gender inclusive strategies, ECOM endorses the Gender Equality Index (GEI), developed in 2021 by Equal Origins. Following a successful pilot on cocoa farms in Peru and Ghana, this 67-question diagnostic tool was launched in early 2022.

The GEI focuses on addressing and empowering women in five key ways:
- Organisational capacity
- Strategy and analysis
- Reach women
- Benefit women
- Empower and transform

We want to reaffirm our commitment to the women in our business. We value, respect and empower women at every step of our supply chain—amplifying their voices and cultivating long-term equality in their communities.

We are thankful to all the women that contribute their invaluable skills, time and knowledge to our business.
Every part of Uganda has a different culture and traditional dress. In central Uganda, it is common for women to wear the gomesi, which is a colourful floor-length dress. Bold, brightly coloured prints are popular in east Uganda. The vibrant, floral styles are Congolese, and typically include headgear as well.

Fashion styles in the country are changing rapidly, thanks to increased external communication via better road access and internet connection. Even deep down in the rural villages, people are taking up new trends. They copy different fashions, which they can tailor to their needs. And this demand for fashion has opened up an alternative source of income for the women of Sipi Falls.

In partnership with Taylors of Harrogate, Kawacom has set up the Sipi Women Economic Empowerment Project (SWEEP), with the aim of empowering economically disadvantaged and vulnerable women, girls and young mothers in the Mt. Elgon Coffee Community. The project provides training on business management and entrepreneurship, village savings and loans associations, and coffee farm management, as well as practical training in tailoring that provides a valuable source of income diversification. With access to micro-loans, the women can buy their own sewing machine or set up a local business. In addition, those participating in the project have a social network they can call on for support.

Through SWEEP, not only are livelihoods and incomes improving for the women directly involved, but the wider community benefits from new businesses being set up. Participants share knowledge with friends and neighbours and increase awareness at every level on gender rights and responsibilities. "We are very grateful for this project," says Chemutai Sarah, a farmer in the Sipi Falls region. "We have been able to start animal rearing, sewing clothes and selling bogoya with the income or savings generated."
A variety of measures, for a variety of factors

Rural poverty has a number of causes. ECOM believes, therefore, that it will take a number of initiatives to tackle it and improve life for farmers, their families and their communities.

Working in collaboration with local organisations, NGOs, clients and banks we support farmers in every aspect of their lives with a package of measures that includes:

- Developing resilience through tailored training on new technologies, farm renovation and rehabilitation
- Enabling income diversification by providing intensive training in a variety of fields, from vegetable production to making soap
- Providing digital support in the form of accessible, app-based platforms
- Making farm equipment affordable with low-cost machinery, flexible payment choices and post-purchase training
- Setting up banking systems such as the Digital Premiums Platform and Village Savings and Loan Associations
- Offering youth training schemes that allow young people aged 18 to 25 to develop valuable skills and earn an income
3.11 Partnering for sustainable management of landscape

ECOM Cocoa is collaborating in a 10-year multi-stakeholder (local government, civil society, private sector and others) programme developing a common strategy for sustainable landscape management in Peru. The aim is to help farmers deliver more efficient yield production, adapt to climate change, and protect the environment.

At landscape level, this involves the development of innovative tools, better land use data and incentive schemes for stakeholders based on sound ecosystem services and natural capital management. The programme will also pilot a new, landscape-wide assessment of the social situation and work on scalable solutions to social challenges beyond the boundaries of the farm. At farm level, it will pilot and upscale new technologies to improve climate-smart farming practices. For the supply chain, it will support the development of a carbon accounting and reporting process from farm to end product.

In 2022, our work has included training and supporting 116 producers on issues such as pest and disease control and sustainable production. Diagnosis and evaluation have also been carried out, with the aim of these producers reaching Rainforest Alliance certification. Where technology transfer has been carried out, farmers are adopting good practices that have been recommended.

3.12 Growing financial resilience in cocoa-farming communities

In 2022, ECOM Cocoa piloted the Nestlé Income Accelerator Programme (IAP) with two of our partner co-operatives in Côte d’Ivoire, to help farmers in cocoa-farming communities close the living income gap and secure additional sources of income. This was done through a number of incentives that encouraged those in the programme to: increase their adoption of pruning; promote agroforestry through the distribution and planting of multipurpose trees; and optimise their income from additional activities, such as the planting of alternative crops or raising livestock.

Another focus is to ensure that 100% of children aged 6-16 attend school, which reduces certain risks of child labour. Where there are instances of child labour, the programme provides support for remediation actions such as school kit distribution, issuance of birth certificates and improvement of school infrastructure.

Families who engage in these practices earn up to €500 per annum for the first two years and €250 each following year. Farmers are required to register for mobile money accounts as part of entry into the programme. These conditional payments are based on successful adoption of practices instead of volume-related certification premiums, which is one of the reasons this novel approach has been shown to engage farmers so effectively.
4 Protecting and regenerating nature

"Today's intensive farming practices are contributing to climate change. At ECOM, we are committed to tackling this through regenerative agriculture and climate-smart growing methods."

Ana Nicod
Head of Climate Change Strategy, ECOM
4.1 Introduction: Protecting and regenerating nature

Agricultural ecosystems worldwide are becoming stressed beyond their capacity to adapt.

ECOM wants to make them sustainable and to safeguard biodiversity. To do this, we need to transform the farming systems in all the areas where we operate, focusing on regenerative agriculture and climate-smart growing methods that will help farmers improve their capacity to absorb, recover and adapt to a changing climate.

This needs ambitious action at farm level. ECOM provides training and technical support for farmers to boost productivity, while improving soil health, managing pests and diseases and upscaling other climate-smart agricultural practices.

To help us meet our commitments, the Group has created a climate roadmap (see p30) that defines the key steps and actions for our near-term targets.

Our commitments
- Optimise our natural resource management practices
- Improve farmer resilience to the effects of climate change
- Become a Net Zero emissions company in our Scope 1, 2 and 3 by 2050
4.2 Nature and biodiversity

Only by restoring ecosystem biodiversity can we ensure the sustainability of our key crops.

As a global operation, ECOM is committed to supporting governments in protecting nature and biodiversity through the Global Biodiversity Framework, a crucial document that sets out an ambitious pathway to see the world living in harmony with nature by 2050, with 23 global targets for 2030 and four goals for 2050.

Tackling deforestation is essential to safeguarding biodiversity. ECOM is currently working towards introducing new ways of farming that increase forest cover, to encourage healthy forests and, ultimately, return forests to their critical role as carbon sinks.

To help us meet our goal of zero deforestation in our supply chains, in 2022 the Group updated and relaunched its Environmental Policy, with a focus on improving our environmental performance wherever possible, particularly in terms of deforestation, agroforestry, carbon emissions and agrochemical usages.

We are partnering with industry leaders and farmers as we work towards establishing agroforestry frameworks and standardised monitoring processes across origin-sourced supply chains.

What does ‘climate-smart’ mean to us?

Training in climate-smart agriculture is defined as helping farmers adapt to the negative impact of climate change on their production and to modify agricultural practices if necessary. There are many practices that help farmers mitigate and build resilience to climate change through improved production and land management practices on-farm (e.g. farm establishment, planting material and sources, inputs and pest control, weeding, pruning, shade management). These actions can reduce forest degradation and deforestation which increase threats to agroforestry and farming systems (e.g. climate change, fires, etc.).

Climate-smart agriculture is not the result of one action. It is an approach consisting of tailored combinations of several possible actions because this is not a ‘one size fits all’ approach that is the same for every farmer. Climate-smart agriculture depends on the specific impact of climate change (the identified climate threat) in a certain area and the capacity of the farmer to respond to this and apply suitable practices.
In order to assess whether a programme is working, we have to be able to measure results. One of the biggest challenges in biodiversity, however, is a lack of available data. This is why ECOM is proud to partner with Nestlé Nespresso SA and the Cornell Lab of Ornithology to measure the impact of the Nespresso AAA Sustainable Quality™ programme in Latin America. The aim of the data collection is to develop the Biodiversity Progress Index (BPI), which uses birds as indicators of biodiversity and environmental health.

Many bird species respond quickly to changes in their surroundings, making them highly reliable and scalable indicators for ecosystem health. By participating, coffee farms protect forests, conserve waterways, and tree diversity - all of which are necessary for the wellbeing of birds and other species. Since its establishment, there have been more than 240 bird species reported living on participating farms in Costa Rica and Colombia, proof that sustainable agriculture and healthy farms lead to a well-balanced ecosystem.

**Spotlight**

### 4.3 Our Coffee, Our Birds

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### 4.4 New technologies to assess deforestation risks

ECOM monitors deforestation risks by using satellite and remote sensing technology.

This risk assessment work is proving scalable solutions, helping us to create global models that determine and predict areas in our value chain that have been deforested in the past and have the highest likelihood of being deforested in the future.

It is an extension of work carried out by the World Resources Institute through a collective effort of cocoa and chocolate companies convened through the CFI. In 2022, 228,581 hectares of cocoa farms were assessed to identify farmers in high-risk communities.

This work will be used, alongside further contextual data, to identify priority landscapes. The outputs will inform coordinated engagement between relevant stakeholders in the cocoa sector committed to eliminating deforestation in their supply chains.
Climate change and resilience

In 2021, the ECOM Group joined the Science Based Targets Initiative (SBTI) and committed to achieve Net Zero greenhouse gas emissions across our entire value chain by 2050.

To help us reach this goal, in 2022 ECOM Research has been using cutting-edge research and technology to model historical and predict future deforestation and assess climate change risk. Through a combination of expert data scientists, meteorologists, machine learning and robust data sets, we are looking decades ahead to help our farmers and our customers prepare for change.

We have been using predictive modelling across regions and farm boundaries in 12 countries, grouped by region where possible, covering West Africa, Central America, South East Asia and East Africa. Our research is being conducted using the present, and forecasting future climatologies, with climate risk being measured using a combination of statistical analysis and machine-learning techniques.

In it together
It is not possible to achieve Net Zero without the support of other stakeholders in the commodities sector. We are collaborating with producers, customers and partners throughout our supply chains, developing new partnerships to test innovative ideas. We also need to work with our farmers, which is why we are incorporating specific regional learnings from our research into climate-smart agriculture training, to ensure the expert knowledge is shared across the supply chain.

Understanding our emissions
By the end of 2022, ECOM achieved its goal of quantifying Scope 1, 2 and 3 of ECOM Group’s global corporate footprint.

As a commodity merchant, 93% of our emissions are commodity driven, through forest, land and agriculture emissions (FLAG). The remaining 7% are attributed to other indirect emissions under our scope 3, such as employee commuting, transportation of commodities, processing of sold products, and our scope 1 and 2. This is why reducing and removing GHG emissions at farm level is essential to achieving our Net Zero goals.

Emissions from land use change (LUC) are the highest proportion of the FLAG category, followed by land management (e.g. crop residues, fertiliser production, fertiliser application, etc.). Where emissions occur after the farm gate, they are categorised as non-FLAG (e.g. transport, factories, offices, etc.).

We are in the process of updating our results with 2022 corporate emissions data and working to increase our levels of traceability to access more primary data.
Advancing the adoption of climate-smart cotton from a major origin like the US is a significant step towards achieving our sustainability goals. In 2022, ECOM USA’s Climate-Smart Cotton proposal was selected and in May of 2023 signed through USDA’s Partnerships for Climate-Smart Commodities grant programme.

The project has a funding ceiling of $30 million and is structured so that as much funding as possible goes directly to growers in the form of Impact Payments. The aim is to scale the production and consumption of climate-smart cotton by providing growers with field-level support in partnership with leading research institutions.

The project’s activities will expand climate-smart cotton markets and implement methods to restore soil and ecosystem health in cotton production through regenerative farming practices. The project’s market driven approach encourages the adoption of industry-recognised third party certifications such as regenagri©, Better Cotton (BC) or Transitional Organic Cotton (Texas Dept. of Agriculture). ECOM and its grant partners will incentivise the implementation of climate-smart cotton production practices, create grower educational resources, engage growers on-farm for reporting and monitoring requirements, and build marketing channels that support long-term demand for climate-smart cotton.

A core aspect of this grant is the development of long-term strategies and agreements that progress the market for climate-smart cotton in a way which is economically sustainable for all value chain players from farmer to consumer so that, collaboratively, we can build a more resilient U.S. cotton value chain.

4.6 Climate-smart cotton in the United States

Our aim is to support farmers to move to more resilient coffee production systems. For 20 years, ECOM has been working with French agricultural research centre CIRAD to introduce new coffee varieties that help address the major challenges in coffee growing.

Mundo Maya is the latest of these varieties. Introduced in Indonesia, the crop is showing excellent preliminary results. With high yields, resistance to leaf rust, climate change, pests and disease, it promises a brighter future for Arabica farmers in Indonesia and beyond.

Working with IndoCafo, ECOM’s operation in Indonesia, ECOM Sustainable Management Services has now entered an agreement with the Indonesian Coffee and Cocoa Research Institute for the commercial release of Mundo Maya.

By focusing on developing varieties that are resistant to the effects of climate change, but still deliver a high yield, we can help farmers worldwide improve their resilience and boost productivity.
Our total emissions

The baseline corporate carbon footprint of ECOM Group is

24.2 million tCO₂e

Forest, Land and Agriculture (FLAG): represents GHG emissions associated with land use change (LUC) and land management

Land use change (LUC) emissions: CO₂ emissions associated with a transformation from one land use category to another (e.g. biomass and soil carbon losses from transformation from natural forest to cropland, also known as deforestation).

Land management (non-LUC) emissions: All agricultural emissions, excluding those related to LUC (e.g. crop residue, fertiliser application).

Non-FLAG: All other emissions unrelated to FLAG (e.g. upstream transportation and distribution of commodities).

We’re planning to improve the accuracy of the corporate carbon emissions assessment of Scope 3 by collecting primary data and using remote sensing technology to detect changes in carbon at the farm level. A significant portion of our carbon footprint comes from land use change (LUC), for which we have used a statistical approach based on country-level data, and therefore limited by proxy data for emission factors. In order to improve our data accuracy, a direct Land Use Change assessment was piloted using GPS coordinates and polygon data of farms.

Using data from the Global Forest Watch to assess the land use change impact within farm polygons, it demonstrated 81% lower impact than the statistical emission factors used from the World Food Life Cycle database. We are now developing our own direct LUC model for local-scale detection of LUC that will allow us to refine our corporate carbon footprint for a more accurate representation.

93% of our carbon impact is due to FLAG emissions from commodities.
4.9 Pathway to progress

In 2022, ECOM launched a global decarbonisation pathway project, targeting reduction of our Scope 1 and 2 emissions across all our commodities. We focused on our 26 highest emitting sites that together represent 85% of our Scope 1 and 2 emissions.

Our goal was to not only identify and prioritise strategies and technologies to reduce emissions, but also to guide processing sites in regulatory compliance and limitations for these strategies and assess the feasibility, cost-effectiveness and potential risks of their implementation.

In the first stage, we evaluated pathways against several criteria:
- ECOM’s decarbonisation targets
- The maturity of technology
- Availability of fuel at the site location
- The impact of each pathway on emissions reduction

We then calculated estimated energy, carbon and operational expenditure savings, capital expenditure investment and payback. At the third stage, we identified key projects according to their strategic significance to the decarbonisation journey.

The project resulted in a strategic decarbonisation roadmap that will enable us to achieve the 95% minimum reduction of emissions required by the SBTi for Scope 1 and 2.

Scope 3 emissions
We rely heavily on proxy/secondary data to measure our Scope 3 emissions. To improve the representativeness of our corporate baseline, we are collecting key data at the farm level and using remote-sensing technology to assess the carbon impacts of our farms. Collecting primary data will provide us with a better understanding of the carbon impacts of our commodities and will help us to implement high-impact interventions to reduce our overall carbon footprint.

ECOM is actively improving the ability to collect primary data through different tools built in-house aligned with the quantification methodologies under the GHG protocol Land Sector and Removals Guidance and the GHG protocol Product Life Cycle Accounting and reporting standard. Additionally, in order to consistently monitor carbon removals from the farmer’s interventions across our origins, we are in the process of developing a carbon monitoring protocol to account for significant carbon removals, such as agroforestry and soil carbon accumulation. Carbon removals are a key opportunity for farmers to increase their ecosystem services at farm level, providing income diversification and opportunity for financial incentives.

The implementation of all projects will lead to a 95% reduction in Scope 1 and 2 emissions by 2050.

Some of the main levers to meet our Net Zero goals include electrification of boilers and roasters, and the implementation of off-site Purchase Power Agreements (PPAs) in certain countries.
Under the conservative scenario, a gap of 10% remains for the 2030 target of reducing by a third greenhouse gases emissions.

Conscious of the remaining effort needed, we are investigating new solutions based on land management and crop residue to further push the decarbonisation within our Scope 3. Through collaboration and investment, our operations are increasing the traceability within our supply chain, ensuring deforestation-free commodities, and overall working actively to bridge the gap and reach the 2030 target.

Due to the low emissions associated with cotton and the fragmentation of its supply chain, the associated reduction activities yield a minor impact on our SBT near-term target.
Bosques del Mañana Nicaragua Project is part of Nestlé’s Global Reforestation Program. EXPORTADORA ATLANTIC, S.A., (“ECOM Nicaragua”) is the implementation partner in the Project, with a goal of growing 8.6 million trees over 6 years. 2021/22 has seen 1.3 million trees planted, with the estimated target of planting 1.2 million in 2023. Most trees are planted in areas with soil degradation.

The team of SMS technicians, logistic and administrative staff has been working with more than 630 producers in the field – the low desertion and expected tree survival rates are a testament to the project’s good progress. ECOM seizes additional opportunities to mitigate carbon emissions. For example, trees are transported from the ECOM Nicaragua nursery to the farms in boxes of wood taken from the thinning of SMS-managed farms. They’re planted in a biodegradable substrate called Ellepot, which encourages faster and healthier root development, shorter production cycles, greater uniformity in plantation and easier, faster transplanting. Certain species are being propagated through cuttings, others from seed sources, providing diversified material resistant to tropical soil conditions.

In terms of the Project’s purpose to improve biodiversity, the trees in the nursery include a variety of native species such as the Almond tree (*Amygdalus communis*), which is home to the Scarlet Macaw (*Ara macao*), a species that is currently on the IUCN Red List of Threatened Species. By growing native trees, the Project can help to improve the connectivity between biological corridors and protected areas therefore favoring bird communities. The Project’s impact on biodiversity is being monitored by The Cornell Lab of Ornithology and More People More Trees.
5  Managing change through transparency and traceability

"Sourcing, tracing and delivering sustainably grown products to our clients is one of our missions."

Felipe Esteve
ECOM Cotton CEO
5.1 Introduction: Managing change through transparency and traceability

Today’s consumers and stakeholders want to know where the products they are buying or investing in come from. Providing that transparency and traceability is at the core of ECOM’s activities and underpins our integrity and credibility.

The geographical remoteness of many of our farmers, combined with the complexity of our supply chains, makes the process a challenging one. ECOM is working with every actor in the supply chain to digitise every step of a product’s journey, so that we continue to achieve greater visibility of our activities, even across the most complex and indirect supply chains.

In 2022, we launched a renewed digital information collection campaign to all commodity suppliers in our origin and partner-sourced supply chains, starting with the cocoa division, as part of our due diligence supply chain risk assessment. We will use the results as part of a baseline assessment to develop a risk map, increase traceability and help us prioritise capacity building for all third-party suppliers.
Managing change through transparency and traceability continued

Spotlight

5.2 Traceability in cotton’s value chain

We know traceability goes hand in hand with sustainability. ECOM is committed to working with all the industry bodies that are improving traceability in cotton.

Data is key—our data management tools mean farmers can collect data on-site, whilst a pilot programme for geolocalisation data gives even deeper insights into impact, allowing it to be measured, managed and transparently reported. It all adds up to a fully traceable finished product that gives everyone, including the end consumer, confidence in its origin. Our traceability tools include:

Blockchain-based traceability platform – this digital system records the transactions between multiple parties in a transparent, verifiable, immutable, and secure way.

Geolocation data and satellite imagery – this helps identify places where there is deforestation, poor water quality, pollution and provide other sustainability KPIs.

Radio Frequency Identification (RFID) tracking systems – this technology uses radio waves to track and manage physical assets, delivering real-time information as to where a commodity is in the supply chain at any point.

5.3 Tackling traceability together

“When we understand something, we can improve it. That is why having traceable supply chains is crucial to sourcing responsible produce,” says Laurent Bossolasco, Regional Sustainability Manager for ECOM Asia Pacific. But the complexity of the commodity sector’s supply chains means that working with different actors and forging alliances at each point along the chain is vital.

One such partnership is ECOM Asia’s long-term collaboration with JDE Peet’s. Through this partnership, there have been investments into supply chains and the delivery of services to farms, such as training and innovative varieties. This is essential to traceability and it is also a cornerstone to ECOM’s integrated origin business.

The key to ensuring traceability in our supply chain is engaging in long-term relationships with farmers and supply chain partners. The collaboration with JDE Peet’s aims at this precisely, farmers benefit from the provision of training, inputs, planting materials to improve farm productivity, sustainability practices, and the provision of access to the premium market.

By playing a role in the creation of such programmes, ECOM is able to give our clients increased assurance. This is because our reach and expertise creates reliable and trustworthy supply chains.
5.4 Responsible supply chains

To ensure ethical, sustainable and socially responsible practices across our supply chains in coffee, cocoa and cotton, we work in partnership with national and local governments, NGOs, development banks and other partners to develop new technologies and strengthen farmer skills. We also use the latest academic research from institutions around the world, drawing on their knowledge to formulate solutions to problems in the commodity sector.

Supplier standards
Supply chain transparency is underpinned by having a clear, defined set of expectations and standards. ECOM’s Supplier Code of Conduct details the ethical, legal, environmentally and socially responsible practices we look for in our partners. It goes beyond legal compliance—it sets out our values and the way we do business. If any partner violates the Code, we reserve the right to terminate our agreement with them.

Certifying coffee
Alongside certifications such as Rainforest Alliance and Fairtrade, ECOM offers suppliers its own verifications: SMS Verified and SMS Diamond Verified, managed through the SMS Code. This programme, established in 2012, goes beyond traditional certification systems. It’s centred around the continued betterment of farmers’ production through high value-added technical feedback. Farmers are required to undergo a meticulous audit before achieving either the SMS or SMS Diamond verifications, both of which are recognised by the Global Coffee Platform under their new equivalence mechanism as Coffee Sustainability Reference Code Equivalent 2nd party assured.

Working together in cotton
The cotton supply chain is long and complex. To achieve our goals of transparency, traceability and trust, ECOM invests financially in partnerships such as USDA’s Partnerships for Climate-Smart Commodities (see case study on p27) and, in Brazil, the Beneficiadora de Algodão Cotton 163. By working together, we can expand and progress the market for climate-smart cotton in an economically sustainable way and collectively build a more transparent, resilient and environmentally responsible cotton value chain.

End-to-end traceability in cocoa
As with all our commodities, ECOM’s dedication to traceability in cocoa starts at the source. We have achieved 96% traceability to the community for beans purchased from origin-sourced supply chains. A similar 2025 goal for partner-sourced beans will bring greater visibility of our activities and assurance that every bean we purchase has been sourced responsibly. Our own sustainability efforts are enhanced by major certification standards within our supply chain, with added assurance and transparency from programmes including Rainforest Alliance, Fairtrade International and Fairtrade USA and organic standards (EU, National Organic Programme and Bio Suisse).
During 2022, ECOM began the roll-out of a digitised due diligence process, working with over 1,200 suppliers across coffee, cocoa and cotton. Our rigorous approach ensures that we only work with suppliers who share our high Environmental, Social and Governance (ESG) standards.

Screening suppliers
The due diligence process we are establishing begins with a pre-screening, which involves a thorough desktop review of publicly available information about the supplier. In this way we can identify any potential ESG issues. Following this, all medium and large suppliers are required to fill in an ESG questionnaire, after which they are rated as either ‘Green’ (Low risk) or ‘Red’ (High risk). Those rated as ‘Green’ are granted preliminary sourcing approval, indicating their alignment with acceptable ESG standards. Suppliers rated as ‘Red’ are given the opportunity to address the identified areas of concern, with ECOM giving guidance and support to improve their ESG performance. However, if the necessary improvements are not adequately addressed within the specified timeframe, the supplier will be dismissed from the sourcing process.

Risk assessment
In 2022, ECOM worked with Sourcemap to launch a bespoke digital supplier due diligence platform (based on our developed due diligence toolkits), focusing on gathering information about the ESG practices of our suppliers.

The tool also records our suppliers’ adherence to ECOM’s policies and codes.

Based on the information gathered, the platform assigns the suppliers a score to evaluate their compliance and eligibility. There are four possible outcomes:
- Unacceptable risk. The sourcing relationship ends
- High risk. Further actions to be taken
- Concern risk. Further actions to be taken
- Low risk. The sourcing relationship continues

This greatly enhances our processes of identifying and assessing potential risk areas in our supply chains to help us mitigate those risks, carry out targeted remediation and provide follow up monitoring and reporting as necessary.

Audits and remediation plans
For concern and high-risk suppliers, ECOM will initiate a deeper due diligence process, starting with virtual due diligence. If the results of this initial assessment are satisfactory but reveal certain issues, the suppliers are required to develop a remediation plan, which will then be evaluated by ECOM. If the plan includes all the necessary actions and is successfully implemented, the sourcing relationship will continue as usual. However, if it is not fully executed, a new plan must be developed and implemented. Any further failures mean the sourcing relationship ends.

An unsatisfactory result generates an on-site audit. Should this also yield unsatisfactory results, the sourcing relationship will be terminated. On the other hand, if the on-site audit confirms acceptable ESG standards, but some issues are identified, a remediation plan must be executed by the supplier to address and rectify these concerns. The successful implementation of the remediation plan will allow the sourcing relationship to continue.
“Integrity is core to our business. It’s how we build and maintain trust every day.”

Guus de Gruiter
Co-CEO of ECOM Cocoa
A guiding principle at ECOM is to continue improving how we operate, which means building trust with everyone who is impacted by our work. Governance is a way to reflect our key values, purpose and commitments, which is why we put substantial thought into developing policies that demonstrate our integrity as a Group.

ECOM Group is a world leader in soft commodity services, specialising in coffee, cocoa and cotton, and employing more than 6,000 people across more than 40 countries. In 2022, ECOM Group joined the United Nations Global Compact, the largest corporate sustainability initiative in the world. It is a voluntary leadership platform for the development, implementation and disclosure of responsible business practices.

__Governance__

Oversight of sustainability management is retained by ECOM’s Executive Committee, which includes the CEO and top managers. The Executive Committee has a clear responsibility for the policy framework regarding all social or environmental impacts of our operation including on employees, communities, and children. Our Environmental and Social Committee reports directly to the Executive Committee and manages annual monitoring and reporting across commodities for financial institutions, researches ESG policies and handles Group-level stakeholder reporting.

### 6.1 Ethics and governance

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6.2 How we govern sustainability

ECOM Board of Directors

ECOM Executive Committee

Environmental and Social Committee

Group E&S Officer

E&S Coordinators

Country E&S/SMS Manager

Commodity Sustainability Committee/Working groups

Global Commodity Sustainability Manager

Global Commodity Sustainability Team

Local Commodity Sustainability Manager

Local Commodity Sustainability Team
ECOM is committed to conducting its business in an ethical, legal, environmentally and socially responsible manner. We have a mindset of continuous improvement and regularly assess our policies to ensure we align with best practice in ethical business conduct.

We continuously appraise whether we are conducting business in accordance with the ECOM Code of Conduct which focuses on integrity, respect, honesty, and operating in a legal, environmentally and socially responsible manner. Employees, agents and representatives of ECOM are expected to act in accordance with this mandatory Code, and we will not tolerate any representative or agent circumventing it.

The ECOM Code of Conduct is available in six languages (Dutch, English, French, German, Portuguese and Spanish) and was communicated to all employees in the ECOM Group via email. We also sought commitment to the Code of Conduct from 993 employees via our Employee Talent Management System platform, with 89% acknowledging their commitment.

We expect all our employees, contractors, subcontractors, suppliers, agents and other third-party representatives to maintain high standards of integrity.

We maintain an internal Ethics and Compliance Concerns Policy and an external Ethics Concerns Policy (available in English, French, Portuguese and Spanish) to help our employees and stakeholders raise concerns when they see or suspect violations of our Code of Conduct or any wrongdoing and encourage a culture where wrongdoing is safely reported at an early stage.

Our external Ethics Concerns Policy sets out our approach to the reporting of suspected wrongdoing, inappropriate behaviour and/or dangers relating to modern slavery, bribery, fraud and criminal activity, tax evasion, environmental damage and bullying and harassment, among others.

Contact details for the reporting of concerns are provided in the Policy (which is publicly available via our website). All reports are confidentially addressed. The internal Policy is communicated to our employees via the ECOM Group’s intranet.

ECOM carries out due diligence screening on its counterparties for sanctions and other red flags. This is done through daily screenings using a third-party system, to ensure we are not inadvertently contracting with entities of questionable integrity or who may be on sanctions lists.

In 2022, we also launched a new digital supplier due diligence campaign. This campaign focuses on gathering information about the ESG practices of our suppliers, covering topics such as policies, practices, certification, licences, traceability and supply chain management. Specifically evaluating suppliers’ policies, risk assessments, and actions regarding children and the environment.

In 2023, we will be continuing this effort to assess the ethics and compliance of our direct suppliers, build action plans for improvement, and carry out virtual and onsite audits as needed.

During 2022, we updated our Modern Slavery Statement, seeking input from third parties to make it more comprehensible. We reviewed applicable global modern slavery laws, including the UN Guiding Principles on Business and Human Rights, as well as developments in human rights due diligence measures. ECOM’s Statement for 2022, which will be its seventh statement, will be published imminently.
Our core policies continued

Anti-competitive behaviour
ECOM conducts its business in compliance with all applicable laws, rules and regulations, including antitrust laws and applicable sanction regimes and is not engaged in bribery, corruption, money laundering or other fraudulent practices.

Non-discrimination and equal opportunity
We recognise the problem of discrimination and are committed to playing our part. We do not tolerate discrimination on the grounds of age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation.

We strive to build a culture that values meritocracy, openness, fairness and transparency. ECOM Group is working continually to promote equal treatment and embrace diversity in employment. Our internal and external policies provide details for the reporting of discrimination, among others.

ECOM values people as individuals with diverse opinions, cultures, lifestyles and circumstances. In 2022, we published our Equality, Diversity and Inclusion Policy which applies to all areas of employment and reinforces our values and responsibilities. We seek to support all individuals in reaching their full potential in the workplace, regardless of their gender.

We recognise the breadth of experiences and perspectives that gender diversity brings to the workplace through creativity, innovation, problem-solving, decision-making, employee morale and retention.

Health and safety
We prioritise the safety of our people regardless of what division of our operations they work in. Our approach to health and safety differs according to whether employees work in the field, in offices or in manufacturing. However, while different workplaces require different health and safety processes, which are managed locally, we ensure that our policies and approach align with local laws wherever we operate.

In all facilities, ECOM Group commits to:
- Comply with country regulatory health and safety guidelines and requirements
- Ensure all processing facilities assess their own specific occupational health and safety risks to implement the proper prevention measures with the support of ECOM Group
- Provide directly employed temporary workers with the same level of health and safety coverage so long as local contractual requirements allow
- Record and report all accidents in relation to ECOM Group’s activities. Analyse root causes and implement corrective actions

Freedom of association and collective bargaining
Every employee at ECOM Group has the right to freedom of association and collective bargaining, and any choice to associate with trade unions does not impact employees less favourably. We also expect our suppliers to operate in such a non-discriminatory way.

Anti-bribery
We continue to carry out annual risk assessments across ECOM Group to ensure anti-bribery and corruption compliance. As a global company, we are subject to a multitude of applicable anti-bribery and corruption laws. We maintain an Anti-Bribery and Corruption Policy and a Gifts, Donations and Entertainment Policy to standardise our approach to ethical business activities for the ECOM Group. The policies apply to all employees, agents and other authorised representatives of the ECOM Group.

A new policy summarising ECOM’s requirements for engaging third-party representatives was developed during 2022 and communicated to relevant employees. The policy established processes that must be completed prior to the engagement or other contractual arrangement with a third-party representative of the ECOM Group, whether agent, consultant or other service provider (the “Third Party”), where the Third Party’s remuneration is commission-based, outside of the ordinary course, including due diligence, establishing appropriate contractual documentation and making the Third Party aware of ECOM’s Third Party ABC Policy and having them carry out Third Party ABC training.

Sanctions
ECOM Group carries out due diligence screening on its counterparties for sanctions and other red flags. It does this by screening its counterparties on a daily basis to ensure that we are not inadvertently contracting with entities of questionable integrity or who may be on sanctions lists.

The screening tool contains comprehensive and up-to-date data from all relevant sanctions authorities worldwide, consolidated in one place, and includes other watch list databases, such as politically exposed person lists, state owned entities, enforcements, adverse media, etc.

When a counterparty is flagged, the alert is assessed and escalated to the relevant business unit to determine if the business relationship should continue, depending on the type of flag. Where a counterparty is flagged as a state-owned entity/politically exposed person, cross checks are carried out to assess for any associated agency/relationship.