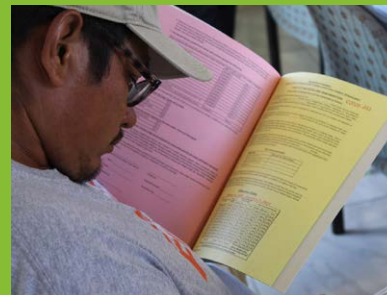




# HUMAN RIGHTS

in our Raw Sugar Supply Chain



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# INTRODUCTION

We are committed to respecting human rights across our operations. Through the ASR sustainable sourcing process we conduct human rights due diligence, identify and assess human rights impacts, act on the findings and track and communicate our responses to adverse impacts.

This report describes the salient human rights issues we have identified and how, collaborating with our suppliers and stakeholders, we aim to facilitate improvements in human rights at mills and farms through monitoring, capacity building and knowledge sharing practices. The report is intended to share information on the findings of our work, including our third-party social assessments, and our human rights due diligence approach.

# OUR APPROACH TO HUMAN RIGHTS

Human rights principles are integral to ASR Group's operations and are ingrained in our policies, including our Code of Ethics and Business Conduct, Ethical Sourcing Policy, Supplier Code of Conduct, Human Rights Statement and Human Trafficking Policy. These policies describe our commitment to respect human rights within our operations and set expectations for our partners in the supply chain.

We assess compliance with our policies and identify and analyze human rights impacts through third-party audits in key sugar sourcing origins. Since 2013, the company has completed over 800 third-party social audits across more than 20 countries. Our audits focus on areas of greatest human rights risk and take a comprehensive approach to learn about potential impacts, challenges, and the systemic opportunities to protect human rights in our raw sugar supply chain. We report the findings of our third-party audits to the ASR Board and leadership team who scrutinize our performance in managing

critical risk factors, including: child forced slave or bonded labor; worker health and safety; environmental mitigation; legal and ethical land use; and bribery or corruption. Our Grievance Mechanism complements these programs providing another channel to prevent, identify, and manage concerns throughout our value chain. We are guided by Section 31 of the United Nations Guiding Principles on Business and Human Rights, which sets out the principles for good business-led grievance mechanisms.

By fostering long term relationships and working with our peers across the global sugar industry, our suppliers, and the communities we source from, we aim to protect rights and to facilitate improvements in human rights practices at mills and farms. Alongside our rigorous program of third-party audits, we collaborate on projects designed to remedy risks including capacity building and knowledge sharing initiatives.

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# OUR SALIENT HUMAN RIGHTS ISSUES

Through our due diligence process, including the findings of audits, ASR Group identifies salient human rights risk areas within our raw sugar supply chain.

**Our focus is on four primary human rights risk areas:**



**Workplace safety, health of workers**



**Hiring practices** (including prevention of child labor, new forms of forced labor)



**Working hours & wages**



**Community rights, land rights, absence of pollution**

**Potentially affected groups include:**



**Mill & farm employees**



**Mill & farm contractors**



**Drivers/logistics workers**



**Communities local to mills and farms**





## Workplace safety, health of workers

The risks relating to poor health and safety systems in the sugar industry include the risk of accidents, which can be very serious given the use of dangerous equipment and heavy machinery, and proximity to other hazards such as insects and snakes, as well as the risk of illness, in particular relating to working in hot temperatures.

### Our due diligence findings

The audit standards we use in our verification audits include a comprehensive assessment of required management controls relating to safety of workers and contractors, which start with risk assessments to determine specific risks relating to roles and local context. The standards require a review of health and safety policies, training, compliance monitoring, controls on who may undertake hazardous tasks, availability of first aid and provision and monitoring of protective equipment.

The greatest number of non-compliances in our verification audits are in the area of health and safety of workers. Our data clearly shows the important role of management systems in preventing safety and health risks.

### The actions we are taking

We use third-party audits and certification of our sugar suppliers against credible sustainability standards to ensure that our suppliers are protecting health and safety in their operations. These tools are particularly important where national policies are weak or poorly implemented. As we work with our suppliers to support the certification of their operations, we see improvements in management controls in general and improvements in health and safety standards in particular.

Fairtrade certification is a particularly effective tool to support smallholder sugarcane farmers in our supply chain. With our support for Fairtrade, we assist canefarmer organizations in Belize, Fiji and Eswatini to take measures to improve first aid and to improve awareness of the dangers of hot work through building awareness, training and provision of first aid kits and hydration kits.



## Poor hiring practices (including child labor and new forms of forced labor)

Child labor and forced labor, also referred to as modern slavery, are forbidden under ILO conventions which are widely ratified by governments in our supplying countries and written into national legislation in the countries where our suppliers operate. Despite this, some of the countries from which ASR Group has sourced raw sugar in the last three years do not have sufficient governance measures in place at a national level. This means we require suppliers in these countries to manage these risks proactively. The risks are particularly acute where hiring practices are informal and employees do not have recourse to legal protections.

### Our due diligence findings

The audit standards used in our supplier operations include direct checks on workers during audit visits. Therefore, the audit standards also require review of policies, management controls and training to ensure that suppliers are taking a systematic approach to preventing these abuses in their operations. The results of our audits indicate that some suppliers or their sub-suppliers do not have sufficient controls in place to adequately prevent child and forced labor.

We see from the data that lack of contracts is a prevalent non-compliance and the groups most vulnerable to these system failures are employees of smallholders who work in informal settings and contractors whose employment may not be managed through a company's central processes.

### The actions we are taking

The improved management systems and external scrutiny required by sustainability verification and certification are effective tools to ensure legal compliance and proper record keeping and help us deploy controls across our supply chain. Requirements that support the formalization of hiring policies and processes are particularly effective in reducing risks associated with hiring practices.

In several supplying countries where there are significant numbers of smallholders, we support Fairtrade certification. Fairtrade has strict standards, policies and a proven methodology for community-based monitoring for the prevention of child and forced labor.

We have joined with the sugar industry in Northern Belize to collectively and publicly call upon the government to enforce its child labor standards in the sugarcane sector. Following this initiative, in 2022, the Government introduced a new Child Labor Policy and Strategy and recommitted to end child labor in Belize by 2025.

Furthermore, in November 2018, ASR Group partnered with Nestlé and NGO Proforest in the Responsible Sourcing from Small Farmers (RSS) in the Philippines Sugar Sector Program. The program has five main objectives, one of which is to institutionalize child labor prevention and maintain appropriate PPE use in the sugar farming communities in the sugarcane industry in the Philippines. In FY2024, the RSS Program reached its eight-year milestone and continues to evolve. Since its inception, the program has supported around 4,300 farmers from 102 Agrarian Reform Beneficiary Organization (ARBO) groups, covering nearly 3,300 hectares. In FY2024, the RSS project covered 1,014 hectares, producing over 58,000 MT of cane.

We will continue to support the development and formalization of appropriate contracts for employees at all stages of our supply chain. We will continue to collect and monitor audit data on policies, management controls and training to ensure that suppliers are taking a holistic approach to preventing these abuses in their operations.



## Working hours and wages

In most countries in our supply chain, sugarcane production and milling are seasonal activities. Many more workers are needed during intense harvest periods resulting in many jobs only being available for a few months during the harvest. This can create a difficult context in which to manage working hours, as workers may be inclined, given limited other opportunities for employment elsewhere, to work all available paid hours to maximize earnings.

Workers on cane farms are often paid on a piecework basis, or per ton of cane they cut, which encourages long working hours and no breaks. Workers must not be paid less than minimum wage after computation of the equivalent per-hour wage rate, and employers must also comply with overtime compensation and make sure they keep accurate records to abide by local law.

### Our due diligence findings

Our data shows excessive hours being worked and excess overtime in many operations, frequently sanctioned by unions or similar agreements. There are also instances of marginalized workers (mill contractors and seasonal workers on smallholder farms) who do not receive correct overtime premiums as required by local laws or other agreements. Our data also indicates cases where records are not kept, which may obscure other issues and highlight wider risks associated with informal working practices and lack of management systems, which underpins this and other poor practice.

The groups most vulnerable to these system failures and exposed to risks associated with working hours and wages are employees of smallholders and contractors such as security personnel.

### The actions we are taking

Human rights issues relating to working hours and record keeping can be mitigated with improvements to management controls which are encouraged by our verification audits and required by certification. Bonsucro state that certified farms tend to pay above the national legal minimum wage and our own data shows very few incidences of below minimum wage pay.

The new Bonsucro standard 5.2, adopted in August 2023, requires operators to collect wage data and benchmark it against the local living wage with the objective of improving understanding of wage gaps and plan for how to close them.



## Community rights, land rights, absence of pollution

The sugar industry can play a major role in the local economy surrounding mills and its supplying farms, providing jobs, livelihoods for farmers and demand for local services. It is not unusual for sugar mills to play a major role supporting local communities with financial donations for schools, clinics and community infrastructure.

Some of our suppliers' operations can also have a negative impact on local communities in a range of ways. Mill and field operations may, if poorly managed, cause pollution of water on which communities depend due to activities such as fertilizer and chemical application or mill emissions. Transport of cane from farm to mill can put pressure on road networks and be dangerous for other road users. Incidences have occurred where land use change has negatively impacted communities who may have been using it as a local resource, or in some cases land issues have resulted in serious disruption, including violence.

### Our due diligence findings

Our data shows us that some operations in our supply chain fail to comply with certain of our requirements. The most common issues concern the design and management of chemical storage and washing areas (for example a lack of bunding) which can result in ground contamination and subsequently potentially contamination of water. We also see weak controls for water conservation in third party farms. Grievance procedures are also often inadequate.

### The actions we are taking

Certification standards include several core criteria essential to mitigate sustainability negative impacts. For example, certified organizations must select agrochemical inputs which have the least possible toxicity and environmental impact for the required application. Risks associated with expansion of operations must be assessed via environmental and social impact assessments (EISAs). Through such studies operations take into account the sustainability of the environment, wildlife and endangered species, and the social impact on the local population including, where relevant, indigenous people and traditional land users. Land rights disputes must be resolved using the UN Principle of free, prior and informed consent (FPIC). Open dialogue with local stakeholders must be assured via effective grievance mechanisms.

Acknowledging that these impacts can occur beyond the scope of audits, the ASR Group grievance mechanism for external stakeholders provides an additional route for communities to report negative impacts on individuals or communities. The grievance mechanism highlights our commitment to use our influence to seek a resolution where risks are reported and includes contact details for reporting.

New work streams are being commissioned to understand the impact of our suppliers' operations on biodiversity and water and we will be able to report on these in the future.

# ACTING ON SYSTEMIC ISSUES

In some of the countries we source from, the operational risks described above are complicated by systemic challenges such as poverty and poor provision of education.



## Systemic risk factors

**Systemic risk factors shape the context for rights in sourcing geographies.**

**Risk factors include:**

- Poverty
- Access to education or childcare
- Traditional practices
- Migration
- Legacy land issues
- Inadequate regulation and/or enforcement



## Operational risk factors

**The factors shaping the management practices and policies deployed by suppliers, including whether there are adequate mechanisms to protect rights, including:**

- policies
- communications
- capabilities
- contracts
- audits and
- grievance mechanisms.

In addressing these challenges, ASR Group employs a comprehensive approach tailored to both global standards and country-specific requirements, focusing on remediation and ongoing due diligence efforts.

We engage at a sector level, working with certifying bodies, standard setters, communities and our industry peers to encourage collective action on systemic rights issues.

## TAKING ACTION AT A COUNTRY LEVEL

Together with our partners, we undertake projects designed to reduce the risks of human rights impacts in our supply chain. Our projects are focused in geographies and on topics which we have identified as higher risk through our due diligence processes. The issues are complex and often require system level interventions to ensure that progress made is sustainable and delivers tangible improvements for rights holders.

### Our projects include:

#### Responsible Sourcing from Smallholders



##### Philippines

In Negros Occidental, the **Responsible Sourcing from Smallholders (RSS)** program in the Philippines Sugar Sector, which is part funded by ASR Group, tackles issues such as child labor, personal protective equipment use, agricultural best practices, alternative livelihood support, and income diversification.

With collaboration from local organizations, the program has also focused on capacity-building for Child Rights Advocates, development of PPE, and initiatives to enhance farm productivity and sustainability.

Since the RSS program started eight years ago, it has supported approximately **4,300 farmers from 102 Agrarian Reform Beneficiary Organizations groups covering nearly 3,300 hectares.**



##### Belize

With the cooperation of Fairtrade and part funded by UK retailer Co-op, we ran a project to formalise hiring and working practices in the smallholder cane farming sector during harvesting, by developing easy to use written contracts to replace word of mouth agreements.

Following a series of workshops with stakeholders and consultation with Belizean Government departments of Labour and Social Security, contract booklets were developed and an in-field pilot scheme took place during the 2020 crop. The contracts were rolled out in 2021, officially formalizing the previously informal agreements and practices for the first time.

The response to the written contracts has been overwhelmingly positive from both employees and employers. Improvements include increased clarity of work activities, safer working conditions for employees due to the provision of personal protective equipment (PPE), reduction in accidents and injury and child labor prevention.

## Convening to support producers on human rights issues



### Brazil

Using income from the Bonsucro Credit Trading Platform, **The Bonsucro Impact Fund** is a mechanism which enables members to cooperate on projects that catalyze sustainable sugarcane production.

One such project cofounded by ASR Group, Barry Callebaut, General Mills, The Hershey Co. and Nestlé, and lead by Proforest and the Brazilian NGO, Imaflora aims to create a practical toolkit that guides mills through the due diligence process and offers tools to help implement it. The project will also provide practical tools for interpreting the UNGPs and the OECD guidelines.

The aim is to improve human rights in sugarcane mills, as well as among suppliers and service providers.



### Eswatini

Data collected through innovative technology will be used to support employers to respect workers' rights and improve working conditions in Eswatini. The project is funded by Bonsucro credits and other stakeholders through the Bonsucro Impact fund, with the support of Eswatini Sugar Association, Eswatini sugarcane growers and millers, and Partner Africa, a specialist business and human rights NGO.

The project aims to deliver 20 workshops to 1,000 sugarcane farm workers, which will cover health and safety, grievance mechanisms and sustainable practices. Using a new digital tool, they will carry out anonymous surveys to allow workers to give honest feedback on work-related issues. **Around 300 workers will also receive personal protective equipment to help keep them safe.**



### Fiji

In a similar project, led by Fairtrade International, ASR Group will work with Fijian smallholder cane farmer association, Lautoka Cane Producer Association and sugar millers, Fiji Sugar Corporation to develop a due diligence process. This project will specifically explore the role that sustainability systems can play in facilitating dialogue and engagement during the development of the HRDD process.

We are grateful to the ISEAL Innovations Fund, supported by the Swiss State Secretariat for Economic Affairs SECO who have made this project possible.



## OUR FORWARD PLANS

Looking ahead, ASR Group will deepen our long-term supplier relationships and continue to engage mills, independent farms, and smallholder farms in a concerted effort to advance respect for human rights within the sugar supply chain.

Through proactive tools such as verification and certification audits, we will continue to encourage good management systems and practices.

We will raise awareness among our suppliers of ASR Group's commitment to respecting human rights and the environment, and we will continue to cooperate with our peers to develop mechanisms for suppliers and subcontractors to report problems and to use our leverage as appropriate to help achieve resolution.

Collaborative efforts with stakeholders such as those mentioned in section 5 above will be essential for sustained progress in the industry.

In subsequent years, we will provide an update on salient issues and actions taken to address them.



# CLOSE

We have made much progress on human rights in ASR Group's supply chain. While we celebrate these achievements, we also acknowledge the complexity of the issues and the limitations of the tools we have. We are not complacent; addressing human rights issues depends on multiple stakeholders. By engaging with local communities, governments, NGOs, and industry partners, we will help to drive positive change within the sugarcane sector.



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