

*I'm  
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# Responsible Ethanol Sourcing Programme

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# Introduction

Braskem is a global company that was established on solid pillars to create positive changes in society through chemistry and plastics. We believe that the way we do things is what makes the difference. For this reason, in line with the UN's Sustainable Development Goals, Braskem has renewed its long-term commitments to meet the challenges, trends and new demands of our society and planet, making a number of commitments, such as combating climate change and developing sustainable innovation. In addition, our emissions offsetting strategy is linked to the use of renewable raw materials as part of our portfolio.

Recognising the importance of ethanol as a technological route towards building a new era of sustainable mobility, and given its low carbon footprint, Braskem launched in 2010 the brand **I'm green™ bio-based**. The label, featured in Braskem's portfolio of products from renewable sources, is produced from green ethylene, a chemical made from sugar cane ethanol. With this new market opening up, the company realised the importance of offering a more sustainable product while promoting good social and environmental sustainability practices throughout the chain, launching as well in 2010 the Code of Conduct for Ethanol Suppliers. After improving and updating the indicators under analysis, in 2016 Braskem implemented the Responsible Ethanol Sourcing Programme (RESP). This Programme includes annual audits aimed at ensuring integrity and sustainability practices in the sugar cane chain, and promoting continuous improvement in the management of its suppliers, which can be passed on to previous links in the chain.

In 2022, the RESP underwent its first revision process in order to broaden the issues covered, strengthen governance requirements and further mitigate risks in the chain. Version 2.0, present in this document, is the current version of the Programme.



# Responsible ethanol sourcing programme



**Braskem recognises the BONSUCRO® certification system as a robust, reliable and internationally recognised system in the market and, for this reason, uses the BONSUCRO® Production Standard as a reference for the criteria assessed within the Responsible Ethanol Sourcing Programme, since its first version.**

Braskem's Responsible Ethanol Sourcing Programme (RESP), described below, has two objectives:

- 1.** That livelihoods are improved, and human rights are fully respected by the plants, sugar cane suppliers, plant (agricultural and industrial) workers, their families, and local communities.
- 2.** That forests and natural ecosystems are protected and restored, biodiversity and ecosystem services are conserved, and the impacts of climate change are reduced.

To this end, Braskem has four principles for monitoring the ethanol chain. These principles are the core of the RESP and are assessed at every stage described in this document. The assessment is either direct, through the programme's own requirements, or indirect, through verification by accredited certification bodies.

**THE FOUR PRINCIPLES ARE:**

<p><b>Principle 1 – Management and Ethics</b></p> <ul style="list-style-type: none"> <li>• Ethics and compliance;</li> <li>• Respect for legislation;</li> <li>• Supplier management.</li> </ul>	<p><b>Principle 2 – Quality</b></p> <ul style="list-style-type: none"> <li>• Asset control;</li> <li>• Waste management;</li> <li>• Equipment efficiency.</li> </ul>
<p><b>Principle 3 – Environment</b></p> <ul style="list-style-type: none"> <li>• Impact management and social dialogue;</li> <li>• Soil management;</li> <li>• Nutrient management;</li> <li>• Pesticides;</li> <li>• Integrated pest management (IPM);</li> <li>• Water resource management;</li> <li>• Biodiversity;</li> <li>• Air quality and emissions.</li> </ul>	<p><b>Principle 4 – Social and Human Rights</b></p> <ul style="list-style-type: none"> <li>• Hiring and labour;</li> <li>• Working hours;</li> <li>• Wage payments;</li> <li>• Freedom of association;</li> <li>• Prohibition of discrimination;</li> <li>• Whistleblowing channel;</li> <li>• Training;</li> <li>• Prohibition of child labour;</li> <li>• Labour conditions.</li> </ul>

Session 1 and Session 2 below describe the way Braskem's RESP 2.0 is structured and aims to address two supplier profiles: BONSUCRO® non-certified and BONSUCRO® certified.

<b>Session 1:</b>	<b>Session 2:</b>
<b>COMPLIANCE PILLAR</b>	<b>EXCELLENCE PILLAR</b>
Applicable to suppliers who do not yet have a BONSUCRO® certificate.	Applicable to suppliers who already hold a BONSUCRO® certificate.



# Compliance

The Compliance Pillar is applied to producers who do NOT yet HAVE BONSUCRO® certification and seeks to monitor good sustainability practices in the ethanol supply chain in terms of human resource management, agronomic and natural resource management, environmental management, community relations, quality and efficiency. It is divided into two phases, with the verification audit requiring suppliers to demonstrate that they meet the minimum percentages for each phase. Every audit begins with PHASE 1, and once the necessary requirements have been met, the producer will be subjected to the requirements of PHASE 2.

### MINIMUM COMPLIANCE REQUIREMENTS FOR EACH PHASE<sup>1</sup>:

#### PHASE 1

- 100% of BASIC REQUIREMENTS
- 70% of INTERMEDIATE REQUIREMENTS

#### PHASE 2

- 100% of BASIC REQUIREMENTS
- 80% of INTERMEDIATE REQUIREMENTS
- 5 ADVANCED level requirements (incremented with each audit)
- + BONSUCRO® MINI-CALCULATOR

<sup>1</sup>PHASE 2 has a mini-calculator with the main indicators from the BONSUCRO® calculator, which will be filled in and checked at the time of the verification audit.



The supplier in PHASE 2 will be encouraged to apply for BONSUCRO® certification. Here, continuous improvement will lead them to the EXCELLENCE PILLAR once they have obtained certification.

Meanwhile, suppliers who are not interested in becoming certified can continue in PHASE 2 by undergoing COMPLIANCE PILLAR audits. **In this case, however, the audit will be incremental: EACH YEAR two new advanced requirements will be added, keeping the advanced requirements from the previous annual audit.**

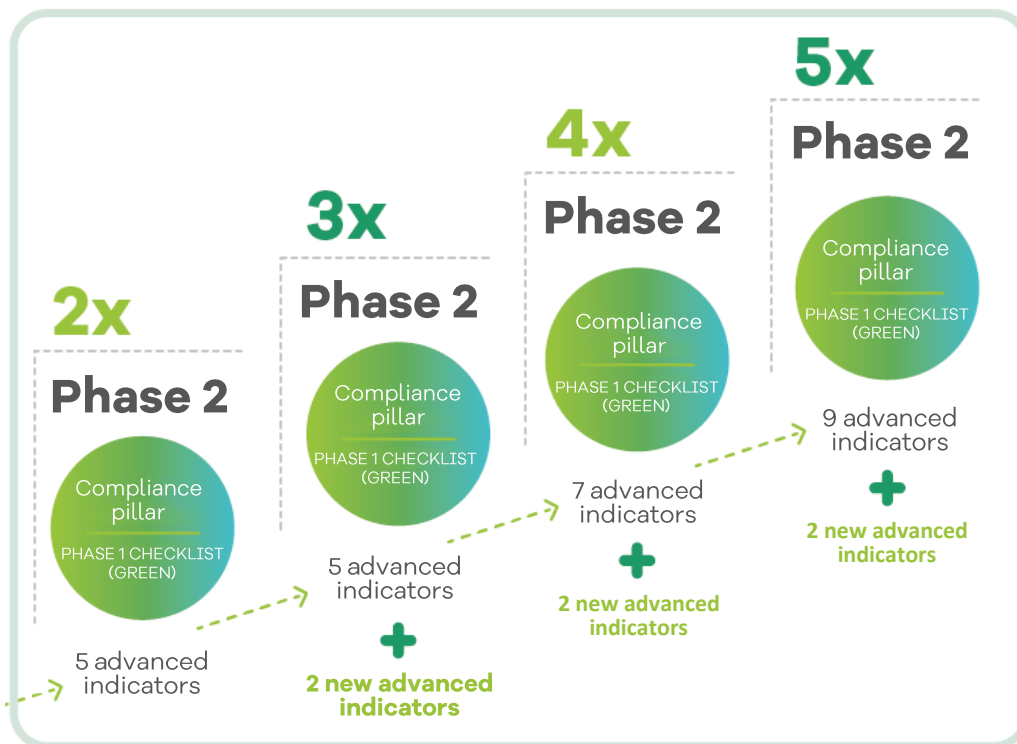


Figure 1 – Continuous Improvement Programme for PHASE 2 suppliers without BONSUCRO® certification.

# There are currently 18 advanced requirements in the Braskem Compliance Pillar.

## Principle 1 – Management and Ethics

Braskem expects ethical conduct, compliance processes, respect for legislation, and commitment to social and environmental principles from its ethanol suppliers regarding the exercise of their activities in the sugar cane supply chain.



Independent financial audits are guarantees of responsibility, transparency and accountability to all parties involved who have an interest in the business, and monitoring the social risks of sugar cane suppliers is a protection for the entire chain and the welfare of workers.

### Ethics and compliance

The plant must demonstrate that all business and commercial transactions are carried out transparently and recorded accurately, and that there is a clear procedure for preventing and addressing problems of bribery, corruption, extortion or embezzlement, conflicts of interest and fraudulent practices. In addition, it should demonstrate that there is a periodic accounting audit process at the plant.

### Respect for legislation

The plant must have:

- The land use title (owned and leased) and must demonstrate that taxes (CCIR – Rural Property Registration Certificate and ITR – Rural Property Tax) are regularly collected, and that the CAR (Rural Environmental Registration) is in place for all cultivated areas. In addition, must demonstrate that it has a document (or protocol) for:
  - Fire Brigade licence;
  - Health licence (canteens and dispensary);
  - Municipal operating licence;
  - Up-to-date environmental licence.

- Up-to-date sources of legal advice and must demonstrate the way in which this ensures that applicable laws and regulations are being complied with. The following up-to-date certificates will be requested:
  - CND – Clearance certificate of debts on federal taxes and outstanding debt of the Union;
  - CRF – Certificate of good standing with the FGTS (Employee Severance Indemnity Fund).

### **Supplier management**

The plant must have:

- A standard supply contract, containing the basic information regarding Labour Legislation, which must be available to all suppliers of raw materials (sugar cane) who have an active contract.
- An internal procedure describing how it monitors suppliers, which documents must be submitted, how often monitoring takes place, and must provide evidence that document monitoring is in place.

## **Principle 2 – Quality**

Braskem expects its ethanol suppliers to implement water and energy efficiency improvements, and to manage wastewater production and solid waste contamination.

Process control management allows plants to make strategic decisions, based on evidence, to optimise operations and reduce costs, raw material waste and excessive wasting of energy.



### **Asset control**

The plant must:

- Demonstrate, as part of an organised agricultural system, that an inventory of the plant's fixed and movable assets, and of agricultural and industrial inputs (stocks), is being kept and updated from time to time to assist in the management/development of the cultivated areas and the plant.
- Demonstrate that equipment and machinery are regularly repaired and maintained.

### **Waste management**

The plant must demonstrate that:

- Knows where waste is generated (from all activities and processes) and that it has a Waste Management Plan (WMP) describing:
  - The types of waste and the levels of danger and risk;
  - The amount of waste generated;
  - How these materials should be managed.
- All waste is handled and disposed in compliance with the relevant regulations (certificates of final disposal, CADRI – Certificate for Disposal of Relevant Waste, waste transportation manifests, etc.). The plant must also provide evidence that all waste storage facilities are assessed for mapped risks, taking into account the specific aspects of signalling and installation for contaminated materials.
- It has implemented the best option for managing each waste stream and has a system with targets for reducing, reusing and recycling waste. Finally, the plant must demonstrate that it has audited the existence of procedures for dealing with the management of unused and expired waste.

### **Water resource management (irrigation)**

The plant is required to have an Irrigation Management Plan and practices in place to optimise water waste.

### **Mobile and stationary equipment**

The plant must demonstrate its ability to reduce the consumption of non-renewable energy, by means of indicators that prove efficiency gains in making this change.

## Principle 3 – Environment

Braskem expects its ethanol suppliers to conserve and promote the creation of forests and natural ecosystems in their production units, to protect wildlife and biodiversity while promoting soil fertility, water resources and other ecosystem services, and to reduce environmental risks, making the farm more resilient to the reality of climate change.



Braskem expects its suppliers to conserve the fertility of environmental assets (soil, water, air) with good agricultural practices, to respect the agreed limits for the release of waste into water bodies and the atmosphere, and to have proof that these practices are in fact implemented.

### Impact management and social dialogue

The plant must:

- Provide evidence that a socio-environmental risk assessment has been carried out, covering all areas of the project and its surroundings (buffer), identifying:
  - Indigenous lands and territories;
  - Lands and territories of traditional groups;
  - Rural communities;
  - Natural and intangible cultural heritage.

- Promote mitigation and remediation actions in the event of impacts.
- Demonstrate that its storage facilities are built with suitable materials and are kept safe, dry, well-ventilated and well-located, minimising risks to the environment during normal use and foreseeable emergencies.
- Provide evidence that it is aware of the risks associated with agricultural production in the context of climate change (risk of crop losses associated with climatic or economic shocks), and that measures are taken to optimise productivity, taking into account safety, quality, sustainable use of inputs, good agricultural practices and costs. In addition, it should be audited, when necessary, whether it has actions in place to remedy the impacts caused on communities and the environment.
- Demonstrate how it communicates in a timely manner with the neighbourhood and local communities to inform them of planned activities that may affect them, and have a system in place to deal with any complaints (complaints channel and minimal complaints management).

### **Soil management**

The plant must:

- Have a clear soil management plan, identifying the main risks to the soil and land sustainability of its intended use, based on soil type, topography, organic carbon levels, risk of erosion, compaction, salinisation/desertification and actions to be applied at the plant to maintain/improve soil health. It is also required that the records of the soil management plan are updated at least every three years, and that there is evidence available to show that the plant monitors the land cover and uses effective management systems to minimise erosion.

- Demonstrate evidence of practices adopted to increase the amount of organic matter in the soil, as well as practices to stimulate the biological activity of the soil, increase its productivity and health in the long term, know which area is most susceptible to compaction and erosion, and have a plan with procedures to reduce such risks.
- Demonstrate that it adopts the use of soil conditioners as part of the soil management plan to improve the physical, biological and chemical health of the soil, and in the event that the plant identifies agricultural areas that are more susceptible to water saturation, demonstrate that it adopts practices to reduce the risk of insufficient drainage.

Finally, it is recommended that the plant promotes rotational crops and mixed cropping systems (planting sorghum or another legume between harvests) or renovation.

### **Nutrient management**

With regard to nutrient management, the plant must demonstrate:

- Demonstrate knowledge of the type, quantity and method of application of the fertiliser being used, including whether it takes into account increasing nutritional efficiency and reducing negative environmental impact, as well as social impact. It is also analysed whether regular soil sampling is carried out, and whether the results are kept for future reference.
- Demonstrate whether it applies vinasse and whether it has rational controls to avoid saturation, how it stores and handles fertilisers, correctives and fertilisers used, and whether empty packaging has the proper final disposal.
- Demonstrate whether it is engaged in actions to reduce dependence on fertiliser inputs, such as surface runoff, leaching, alternative measures for biological nitrogen fixation, and others.

### **Pesticides**

The plant must:

- Present a list of all the pesticides used in the unit, and whether they are officially registered in Brazil for use in sugar cane plantations. If there are products that are not authorised for sugar cane plantations, studies must be presented on how to replace them with authorised options (and whether there is an action plan for replacement, with tests and experiments). In addition, it is checked whether the pesticides used are on the list of banned products (Montreal, Stockholm and

Rotterdam) and, if so, valid justifications for their use must be presented, along with a mitigation plan with a set deadline.

Links:

- **Montreal:**  
<https://www.dcceew.gov.au/environment/protection/ozone/montreal-protocol>
  - **Rotterdam:**  
<http://www.pic.int/TheConvention/Chemicals/AnnexIIIChemicals>
  - **Stockholm:**  
<http://chm.pops.int/TheConvention/ThePOPs/ListingofPOPs/tabid/2509/Default.aspx>
- Have detailed records of applications, showing the pesticides used, the control targeted, the technical recommendation and details of the application.
  - Demonstrate that there are systems in place to ensure that the pesticides reach their target within the intended areas without causing harm to people and the environment, minimising losses in non-target areas or to the atmosphere (wind and temperature conditions).
  - Have procedures for storing pesticides in their original labelled containers and in a suitable location, as required by NR 31.
  - Prove that there are measures in place to reduce human exposure during the preparation and application of pesticides, that PPE (Personal Protective Equipment) suitable for such activities is in use and, after application, whether the plant implements the procedure for washing and cleaning pesticide application equipment, and takes into account the proper final disposal of the water used to wash the equipment, containers and PPE, so that it does not contaminate the environment.
  - Triple wash, puncture and store in a safe place until returned to authorised recycling stations.



## **Integrated Pest Management**

The plant must:

- Follow the advice of an expert to carry out an Integrated Pest Management (IPM) assessment, and observe the decision-making curves to start taking action. These theoretical foundations cover the three basic pillars of IPM: prevention, monitoring and control of diseases, weeds and pests, through a combination of cultural, biological, mechanical, physical or other strategies and practices, in order to grow healthy plants and minimise the use of pesticides.
- Demonstrate how resistance is minimised through crop rotation (renovation), alternating and limiting the use of pesticides, that is able to recognise pests, diseases and weeds, and that it has well-defined economic parameters for action as well as monitoring/inspection programmes in areas with verified infestation.

## **Water Resource Management**

With regard to water resource management, the plant must:

- Demonstrate that is aware of the legal permits and licences for water use and abstraction, that it keeps monitoring records relating to water abstraction, that it takes measures to protect surface water and groundwater from pollution by wastewater, and that it complies with all legal discharge parameters.
- Demonstrate that pre-discharges from wastewater treatment plants are conveniently located and away from waterways.
- Demonstrate that has systems for recycling and reusing rainwater and wastewater (closed circuit) in its industrial facilities.

## **Biodiversity**

The plant must:

- Have a history of aerial or satellite images showing that the main areas of native forests have not been converted since 08/01/2008, along with the location, size and management of the Permanent Preservation Areas (APPs) and Legal Reserves (RLs).
- Make clear how it communicates with workers, the community and any hunters/fishermen, to prevent illegal hunting and fishing with predatory practices (unless there is legal permission for such activities).

- Have fire monitoring methods (radio communicators, observation towers, firefighting fleet and trained personnel) as well as having measures in place for restoring forests and compensating for areas that have suffered habitat/biodiversity loss.
- Have a Biodiversity Management Plan (BMP), written and updated (every five years), to promote biodiversity and demonstrate that the plan's implementation is making progress. The BMP must also cover the management and creation of habitats by growing and maintaining a mixed population of native herbaceous species, shrubs and trees in order to create habitats of high biodiversity value.

The audit must verify the management of areas where populations of beneficial species of flora and fauna can be found to promote their existence. Furthermore, the plant must carry out assessments and record the presence of rare or endangered species and habitats at the facility and in the surrounding area, and keep records of any wildlife corridors throughout the site.

### **Air quality and emissions**

The plant must:

- Carry out an assessment of its activities to check for possible sources of air pollution, being able to determine:
  - Which activities pose the greatest risk to the environment and human health;
  - Monitor the quality of air coming from high-risk sources (boiler), or during high-risk activities;
  - Demonstrate that any measures required to assess, reduce or remedy the causes of air pollution are being applied (black smoke emitted from stationary and mobile sources).
- **Present** evidence that renewable energy sources are being considered and incorporated into farming operations.
- Present an inventory of the sources of greenhouse gas (GHG) emissions, and monitor the amount of carbon dioxide equivalent per tonne of product being emitted during operations.

## Principle 4 – Social and Human Rights

In the course of their activities, Braskem expects its ethanol suppliers to respect human rights and promote decent work in the growing and processing of sugar cane, involving workers, their families and communities.

Having methods to prevent child labour, forced labour, discrimination, violence and harassment in the workplace, and to guarantee safe and decent working and living conditions for workers and their families, are legal obligations that must be monitored to prevent any occurrence.



### Hiring and labour

The plant must:

- Have evidence that the hiring of permanent, temporary and seasonal workers followed the stiff guidelines of current labour legislation, with minimum clauses stating the salary, payday and working hours, and that it has in place a hiring policy and procedures to demonstrate that workers are employed of their own free will, and that they can resign when they so decide, and that no documents are withheld from those hired, except for the periods allowed by law. The plant must also have labour contracts in compliance with national laws, collective agreements and applicable ILO Conventions.
- Demonstrate that is aware of the risk of forced labour, child labour or debt bondage, and describe the measures it takes to prevent this from occurring, as well as have evidence that all permanent, temporary or seasonal workers are treated equally with respect and dignity.
- Ensure that the policies and procedures for hiring labour are fully understood by the hiring staff, as well as checking that they comply with legal procedures.

## **Working hours**

The plant must:

- Have clear policies and procedures indicating that permanent, temporary and seasonal workers are not asked to work more than regular or overtime hours, in accordance with national laws, collective agreements and the provisions of the applicable ILO Conventions. Overtime must be properly compensated and should preferably be voluntary.

In the absence of applicable laws or collective agreements, normal working hours must not regularly exceed a maximum of 10 hours per day (8 normal hours + 2 overtime hours), or 54 hours per week including overtime, and workers must be granted at least one non-working day each working week.

- Provide sanitary facilities, drinking water and a meal site for all permanent, temporary and seasonal workers, and must allow regular breaks in accordance with national laws, collective agreements or the provisions of the applicable ILO Conventions.

## **Payments**

The plant must:

- Guarantee all permanent, temporary and seasonal workers due compensation, which includes salary, overtime pay, benefits, paid holidays and paid leave.

*This compensation package must meet or exceed the legal minimum standards or the relevant current industry standards, whichever is higher, as well as any terms established by any legally binding collective bargaining agreements.*

- Ensure that all deductions are in accordance with the law, and prove that there are no excessive/illegal deductions or tax charges for items such as accommodation, personal tools or personal protective equipment.
- Be aware of the living wage figure for the region in which it is located. Such figure must be substantiated by relying on a recognised methodology.

*The Global Living Wage Coalition carries out studies of living wages in all world countries (see link: <https://globallivingwage.org/countries/brazil/>).*

- Have a sick leave policy and a protection scheme in case of illness, disability or accident, as well as evidence of how this is implemented.

### **Freedom of association**

The plant must:

- Follow a policy and procedures to demonstrate the right of workers to both form and participate in associations, unions and in collective bargaining. The plant must also demonstrate that such rights are recognised and respected and that workers are neither intimidated nor constrained in exercising their right to join an association/union nor refrain from doing so.
- Allow workers' representatives to talk to workers and have access to company facilities and documents, if authorised.

### **Prohibition of discrimination**

The plant must:

- Have policies showing that all workers are treated fairly, with respect and dignity.
- Take measures to protect the rights of any worker considered vulnerable to discrimination and demonstrate that it has a zero-tolerance policy against (psychological and sexual) abuse or harassment in the workplace (training, talks, etc.);
- Have transparent procedures for abuse and harassment, and set up means for them to be reported for further investigation and action.

### **Whistleblowing channel**

The plant must:

- Have transparent, fair and confidential procedures in place providing effective and easily accessible channels for workers to make complaints, claims and suggestions, while ensuring anonymity. The process in place should ensure that the matter is fully investigated and will lead to a swift, even-handed and fair resolution.
- Make the whistleblowing procedures public so that all workers feel able to use the channels provided.

## **Training**

The plant must have a training plan in place to ensure that all legally required and applicable training is carried out for all workers.

## **Prohibition of child labour**

The plant must follow a minimum working age policy, which prohibits the employment of people under the age of 14 (subject to the exceptions permitted by national laws or ILO Conventions 138 and 182). If any minors live in rural areas, there must be guarantees that they attend school, including by offering workloads and working hours that accommodate their school schedule.

All individuals under the age of 18 must not conduct activities that are considered dangerous or unhealthy (in line with ILO Conventions), or taking place during the night period, which could result in death, injury or illness, including mental illness.

## **Labour conditions**

The plant must:

- Have clear and effective occupational health and safety policies and procedures, based on a survey of the main existing occupational risks (RMP – Risk Management Programme or equivalent sectoral document).
- Have an ongoing safety training plan for all permanent, temporary and seasonal workers.

Mandatory training: safety integration (NR 1), CIPATR (NR 31, prevention of accidents in rural work), working in confined spaces (NR 33), working at heights (NR 35), working with flammable liquids and explosives (NR 20), use and handling of pesticides (NR 31), operation and maintenance of agricultural machinery (NR 31), safe operation of boilers (NR 13), safe operation of overhead cranes (NR 11), MOPP (Transport of Hazardous Products – truck convoy).

- Monitor the health status of their workers (before being hired, during dismissals, on a regular basis, upon changing jobs and returning to work) using the Occupational Health Examination Programme (PCMSO) procedure or any equivalent procedure.
- Guarantee access to drinking water and adequate washing and toilet facilities for all workers, both rural and industrial, whether they are in the units or at the work fronts, in accordance with the health and safety regulations in force.

- Ensure that all accommodation or housing provided to workers is habitable and structurally safe; has space for proper food storage and preparation; has kitchen facilities with adequate ventilation; and basic services like tap water, sanitation and sewage. If there is no sewage, septic tanks are acceptable as long as they comply with local regulations.
- Ensure that each worker's privacy is respected.
- Provide soap and water for workers involved in spraying processes to clean themselves before meal breaks and at the end of their shift, in accordance with NR 31. Changing rooms and toilets must be separated by gender.
- Provide PPE (Personal Protective Equipment) and CPE (Collective Protective Equipment) on the premises, as a way of minimising the risk of accidents.
- Provide training and first aid kits in the workplace; all workers must have access to first aiders, whether in the field or in the plant, and there must be a fire brigade that is effectively trained and prepared to firefight both in the sugar cane fields and in the plant; there must be showers and eye wash stations available in places where there is a risk of accidents.

Emergency contact information must be provided in all the languages used by permanent, temporary and seasonal workers and, where possible, displayed in large, visible characters strategically positioned on the plant's vehicles.

- Have a procedure for recording accidents and incidents on the site, with root cause analysis and corrective actions, to reduce the risk of recurrence of a similar event.

# Excellence pillar Bonsucro® certified suppliers<sup>2</sup>

<sup>2</sup> BONSUCRO® certification is the main sustainability initiative with a high reputation in the ethanol, sugar and biomass production sector. BONSUCRO® is accredited by ISEAL (the world's leading accreditation body for sustainability initiatives) and the European Union (Biofuel Directive).

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Braskem recognises the BONSUCRO® certification system as robust and reliable. For this reason, Braskem has developed the EXCELLENCE PILLAR for its suppliers who hold this certificate. The Excellence Pillar adds value to this certification as it trusts the auditing and monitoring system in place.

That being said, this session applies to suppliers holding the BONSUCRO® certificate. The assumption is that this certified supplier is already periodically monitored by an independent, third-party organisation.

Therefore, only a set of specific requirements (three groups of indicators) will be audited by Braskem for this type of supplier. This approach makes auditing more agile, while allowing some crucial indicators to be assessed by Braskem on a one-off basis, reducing risks and strengthening the ethanol supply chain.

**In the RESP verification audit, the supplier must demonstrate that it meets 3 groups of indicators:**

**GROUP 1:** VERIFICATION OF THE BONSUCRO® STRATEGIC INDICATORS – VERSION 5.1;

**GROUP 2:** MONITORING OF NON-COMPLIANCES FROM THE LAST BONSUCRO® AUDIT AND IDENTIFICATION OF NEW NON-COMPLIANCES;

**GROUP 3:** VERIFICATION OF MANAGEMENT INDICATORS FOR SUGAR CANE SUPPLIERS.

## **GROUP 1 INDICATORS**

**GROUP 1** consists of AUDITING 3 predefined indicators of the BONSUCRO® Standard, plus 2 indicators of the same Standard defined BY THE AUDITOR at the time of the audit.

### **BONSUCRO® Standard's predefined indicators are:**

- 2.1.2 – The operator manages health safety risks through an implemented and enforced plan.
  - 3.2.1 – The operator guarantees that a climate change mitigation and resilience plan is in place.
  - 4.3.2 – The operator develops and implements a Water Management Plan.
- ➔ The indicators defined at the time of the audit must be from the BONSUCRO® Standard (V. 5.1)<sup>3</sup>, classified as ESSENTIAL within the issues of human rights and climate change.

## **GROUP 2 INDICATORS**

### **MONITORING THE NON-COMPLIANCES FOUND IN THE LAST BONSUCRO® AUDIT AND IDENTIFYING NEW NON-COMPLIANCES IN THE BRASKEM AUDIT**

**GROUP 2** consists of MONITORING<sup>4</sup> existing non-compliances identified in the last BONSUCRO® audit and IDENTIFYING NEW NON-COMPLIANCES<sup>5</sup> found in the Braskem audit scope by the auditor, if any.

## **GROUP 3 INDICATORS**

**GROUP 3** consists of AUDITING 3 Braskem indicators to verify the management of the processes of independent sugar cane suppliers (producers)<sup>6</sup>. These indicators are represented by the acronym "FC" (SUGAR CANE SUPPLIER).

- FC1 – Checks are made to see if the plant carries out due diligence on the suppliers' work fronts (plantation, cultivation practices and CCT – cutting, loading

<sup>3</sup> See the current version of the Bonsucro® Production Standard (<https://bonsucro.com/certification-tools/>).

<sup>4</sup> The MONITORING of non-compliances from the Bonsucro® audit records the (immediate) corrective actions as well as the corrective actions implemented by the plant. The auditor will not identify a non-compliance because it already exists (it was identified during the Bonsucro® audit), but if the corrective actions have not yet been initiated, the auditor must record a correction deadline.

<sup>5</sup> In the Braskem audit, the auditor conducts interviews, observes operations and checks documents. If, within this restricted scope, the auditor observes situations that pose a risk to the safety of workers, to the environment and to the neighbouring community, he or she can identify new non-compliances.

<sup>6</sup> Within the scope of the RESP, INDEPENDENT SUGAR CANE SUPPLIERS are producers who sell their sugar cane production to the plant for processing. The production of raw materials (sugar cane), which is managed and run by the plant itself, is understood to fall within the scope of the BONSUCRO® certification.

and transport), to see if the workers are legalised and that no human rights violations take place.

- FC2 – As part of the supplier management system, it is checked whether the plant carries out periodic audits on suppliers' plantations.
- FC3 – Once the supplier audits have been carried out, it is checked whether the plant has drawn up corrective action plans and has evidence to show that the non-compliances have been resolved.



# Final message

Braskem has been monitoring the ethanol chain since the first version of the RESP was published in 2016. This history of challenges and growth has shown that this monitoring effort, coupled with the impact of climate change, points to the need for a drastic response from the community engaged in ethical and sustainable trade.

There is a clear vision within the company that ethanol producers (as well as their sugar cane suppliers) can be helped to foster internal changes and build solid management structures and mature systems of social relations. Moreover, on a wider scale, to integrate their ethical and sustainable principles into the sourcing practices required by Braskem, and by the BONSUCRO® certification, which we support.

From a distance, we can see that the key to all this work lies in building long-term strategic alliances.

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