

ETG – ENVIRONMENT AND SOCIAL MANAGEMENT SYSTEM (ESMS)

Contents

1. Company profile	2
2. Sustainability strategy	3
3. Alignment with external standards and frameworks.....	4
4. Sustainability governance and resources	4
5. ETG Management System	5
6. ESG training and awareness	6

1. Company profile

ETG is a multinational agribusiness conglomerate with presence in 45 countries, over 400 operating sites and around 8500 employees. The company has significant operations in Africa, including South Africa, Zambia, Tanzania, Malawi, Mozambique, Zimbabwe, Benin, Ethiopia, Ghana, Ivory Coast, Togo and Nigeria. Other countries where the group has operations include Australia, Canada, Bangladesh, China, India, Mauritius, Switzerland, Turkey, UAE and UK. The company has major offices in South Africa, Dubai, the Netherlands and India.

ETG connects farmers with markets worldwide. Many of our farmer buyers and sellers are small-scale farmers, to who we also provide extension services.

The business is structured into six business verticals:

Agricultural Inputs (EIHL)

EIHL optimises the accessibility of quality inputs at affordable prices and offers a “one-stop-shop” solution, including agronomic services to farmers. With multiple depots and fertilizer plants across Africa, EIHL has maximised the distribution of fertilizers, seeds, and agrochemicals to the most remote areas.

Nutrisco

Nutrisco covers a fully integrated sourcing processing and distribution network, spanning both East and West Africa, for raw and processed cashew; a sourcing and distribution network for cocoa in West Africa and Ecuador; and trade activities designed to meet the growing demand for rice in Africa. In 2022, edible nuts and sesame were added to the portfolio.

ETG Commodities

ETG Commodities trades on several platforms, with liquid derivative products being utilised to mitigate price risk throughout the commodities value chain. The products traded include oilseeds, sugar, coffee, grains, metals, and energy.

ETG Pulses

ETG trades in all varieties of pulses (raw and processed pulses). Within Africa and Asia, close to 80% of the procurement is from the farm gate, which greatly benefits rural communities. ETG has created a robust distribution network for pulses by operating 24 processing facilities across 7 countries.

Vamara

Vamara manages 28 brands and focuses on organic growth of its own branded products in specific areas and categories, while also pursuing an acquisition strategy in some geographies. With extensive processing and operating sites across 12 locations, Vamara provides inexpensive, high-quality items to its customers, consumers, and communities.

ETG Logistics

With an extensive network of port, city, and rural infrastructure supported by rail and road logistics assets, ETG Logistics is an end-to-end logistics service provider in more than 20 African countries. The services include logistics through the ocean and air freight, warehousing facilities, custom brokerage, ship agency, container handling, fertiliser and grain handling, cleaning and bagging, and transportation services.

2. Sustainability strategy

For ETG, sustainability is a way of doing business. A way that is not only a moral imperative but makes good business sense: Hundreds of studies with thousands of data points over more than 30 years show that businesses that do well in sustainability tend to also do well commercially.¹ This insight has recently led to the idea of net positivity – that businesses do well by giving more than they take, leaving everyone and everything that they touch and interact with in a better place than before.²

At ETG, our ambition is to fully transform into a net positive business. We realise that this is a journey and that this journey is not without its challenges, set-backs and conflicting objectives. We also realise that some parts of our business are closer to being net positive than others; and that finally, it is an ambition that we can only achieve together with others.

To guide us on our journey, we have developed a framework comprising three principles and twelve criteria (Figure 1). The framework sets out three areas where we want to achieve net positive impact – nature, people and business – and the criteria by which we will measure our progress against each of them.

This framework was informed by our vision and values (see, <https://etgworld.com/about-etg.html>) and by an analysis of what matters to ETG and what ETG matters to. It also considers external frameworks: The United Nations Sustainable Development Goals,³ the IFC Performance Standards,⁴ ILO Declarations and Conventions,⁵ and the principles of the United Nations Global Compact.⁶

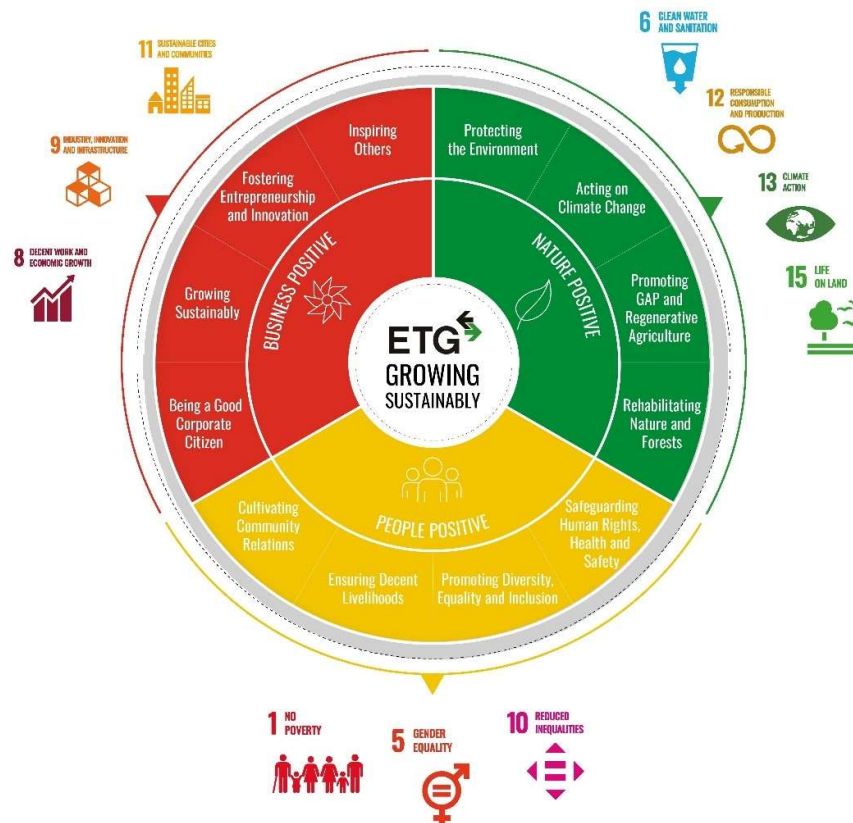


Figure 1: ETG's sustainability framework, built on the concept of net positivity

3. Alignment with external standards and frameworks

Our sustainability work aligns with several external standards and frameworks:

- ILO Declaration on Fundamental Principles and Rights at Work and ILO core conventions⁵
- The IFC Performance Standards⁴
- The United Nations Global Compact⁶
- The World Bank Environmental, Health, and Safety (EHS) Guidelines⁸
- The United Nations Sustainable Development Goals.³
- The AfDB's Integrated Safeguard System (ISS)- Policy Statement and Operational Safeguards (2013)

Many of our sites and business units comply with third-party certification standards

- Sustainability standards: Rainforest Alliance, ISCC Plus, FairTrade, organic, Cotton made in Africa
- Certification for Fertiliser Operations IFA: Protect & Sustain
- Good Manufacturing Practice System: GMP+
- Food Safety Management System: ISO 22000, FSSC 22000 and BRC
- Environment Management System: ISO 14001:2015
- Occupational Health & Safety Management System: ISO 45001:2018
- Quality Management System: ISO 9001: 2015.

4. Sustainability governance and resources

ETG's Group Sustainability Department coordinates the group's sustainability efforts. The team's responsibilities fall into four areas:

1. *Sustainable Business Development* develops partnerships, opportunities and joint projects with customers, suppliers, lenders and other stakeholders to support the sustainability initiatives of our business verticals.
2. *Environment, Health and Safety (EHS)* is in charge of the environmental management, health and safety policies, structures and capabilities and supports our warehouse and production facilities in implementation.
3. *Environmental, Social and Governance (ESG) Compliance* ensures compliance with legal sustainability and reporting obligations of our lenders, shareholders, and customers.
4. *Strategy and Policy Development* develops the overall sustainability strategies and direction for the group.

The team is led by the Chief Sustainability Officer, who reports to the group CEO, and three heads of department (Sustainable Business Development, EHS and ESG Compliance), see Figure 2. A group sustainability steering committee provides strategic input, including the heads of the operational business units and the functional heads of human resources, legal compliance and treasury.

The team works closely with sustainability teams in ETG's operational business verticals with other corporate functions – such as human resources, legal compliance and treasury – and with external partners.

ETG allocates resources to the implementation of its ESG activities. At site, vertical and Group level. The site and vertical level resource requirements are raised in the site EHS action plans and are approved by the plant manager/business head. The Group level requirements are

discussed in the Group sustainability committee and then signed off by the Chief Finance Officer and CEO.

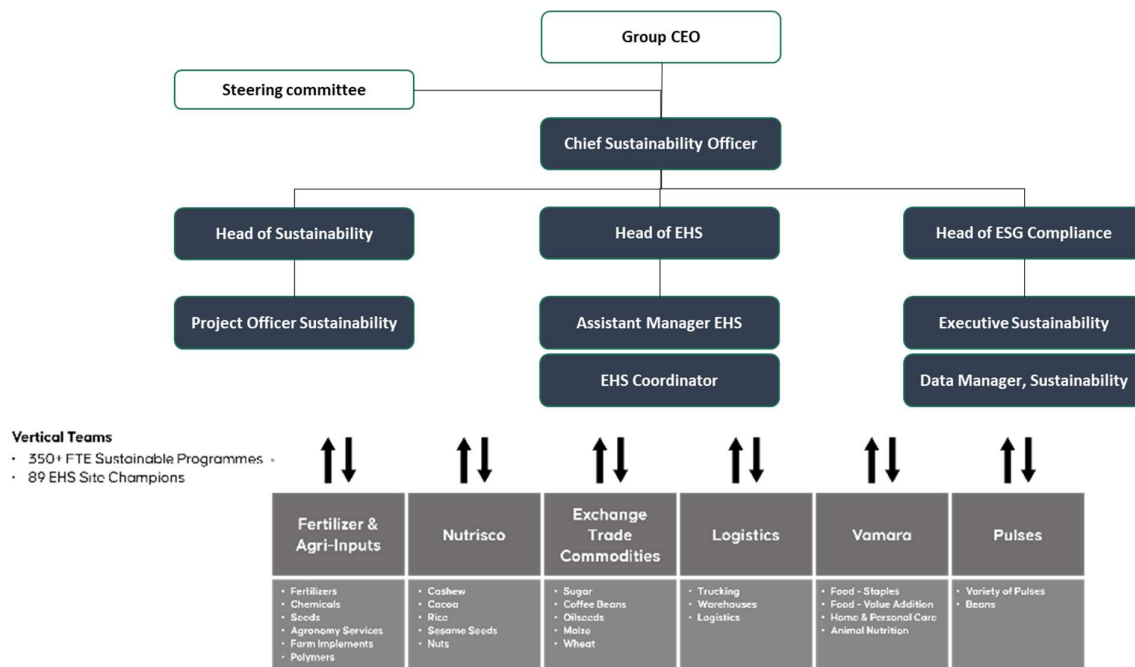


Figure 2: Group Sustainability organogram

5. ETG Management System

ETG has established a Environmental and Social Management System called the ETG Management System (ETGMS) to meet its E&S objectives. Goals of ETGMS implementation include:

- Achieve the goals and objectives laid out in the Group Sustainability Policy
- Legal compliance and meeting the requirements of regulatory agencies and partner DFI's
- Meeting the expectation of our customers
- Identifying and managing ESG risks

The documentation structure of the ETGMS is a three-layered structure:

- First layer** ➤ *Group Sustainability Policy* which sets the broad direction for the Group's ESG activities and the *ETGMS Manual* outlining the broad framework of the ESG activities of the company.
- Second layer** ➤ *Procedures*, processes and guidelines to control and guide the operations in a manner that is in alliance with the objectives and goals set out in the Group Policy.
- Third layer** ➤ Document templates which operational teams use for maintaining records of the implementation of the procedures and practices.

While the first layer of documentation largely remains common for all the business operations, the second and third layer of documents (procedures and document templates) are customized

for the business type and requirements suited for the business. The documents are controlled through a document control procedure and the Group Sustainability team monitors the release of new documents and withdrawal of the expired ones. This ensures that the right version of documents are available with the site teams for their implementation. The ETGMS and its components are regularly updated to keep it relevant and in line with evolving best practice.

ESG risks

ETG has defined an ESG risk assessment process for its operations in accordance with the established ETGMS. EHS Standard Operating Procedures (SOPs), Working Instructions, instructions on use of Personal Protective Equipment (PPE), training curriculum and monitoring/reporting key performance indicators (KPIs) have been established for all operations.

Because of the diverse nature of ETG operations, the company looks at three main types of potential ESG risks:

1. Operational ESG risks related to manufacturing/warehousing, such as occupational health and safety and environmental risks
2. Supply chain ESG risks related to procurement, product handling, such as land use change, child labour or exploitation
3. Wider business and strategic ESG risks, such as climate change impacts

Our ETGMS Manual guides assessment and management of each type of risk.

New projects and acquisitions

ETG grows both by acquisition of new businesses and by expansion of existing facilities. ESG risks associated with both acquisition and expansion are managed as part of the project management and capex approval process: The Group Sustainability team is informed and consulted on planned acquisitions and expansions and provides initial feedback on potential ESG risk. ESG is then included in the due diligence process and any identified risks and their proposed mitigation measures form part of the final decision of the capex committee. For acquisition, the group legal team also runs background checks, including ESG, using an external reference database.

Environmental and health and safety monitoring

As of 2023, ETG has migrated all its EHS management, monitoring and reporting to a single IT system, enabling us to centrally manage and report on EHS performance across the group. This system enables our c. 90 EHS Champions to capture real-time information on incidents, sustainability measures, licenses, permits, corrective and preventive measures, and more. The tool enhances the group's ability to monitor and stay updated on happenings within our operation, enabling a broader understanding and management of EHS across the organisation.

6. ESG training and awareness

ETG deploys ESG-related awareness and training to various audiences

1. General awareness on ESG for all staff via its intranet site, newsletter and during townhall meetings

2. Regular sustainability updates to the executive team and board
3. Training for middle and senior management as part of ETG's high potential and management trainee programmes
4. Inductions, refreshers and ongoing training for EHS practitioners and Site Champions and other officers.

Training and awareness is delivered through

- Our internal communication channels
- Trainer-led dedicated seminars, with both internal and external expert trainers
- Technical one-on-one and small group sessions with the central EHS team
- A repository of online EHS training content provided through a subscription to MARCOM.

7. References

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