

## **FS statement on its NDPE Policy and commitments**

FS herewith expresses its commitment to reach a deforestation-free corn supply chain by 2026 and biomass supply chain by 2027. To implement this commitment, FS Agri will build NDPE principles into the existing "Sustainability Policy: Socio-environmental Responsibility in the Supply Chain" (Purchasing Policy) which will be updated accordingly. It will be then implemented across FS Agri's supply chain. FS Agri will develop a Sourcing Strategy to meet its sourcing targets.

The NDPE principles will require that individual suppliers protect any existing native forests standing on their properties. FS will engage and assist them in restoring certain areas where such native forests might be degraded and/or might have been removed. It will work only with the best performing suppliers in terms of transparency and good practices. The purchase of sawmill waste will be phased out over time and substituted with renewable biomass for power generation, sourced either from bamboo or eucalyptus plantations.

During 2022, FS will develop environmental and social procedures related to our NDPE commitments, including detailed decision-trees, protocols and guidelines. FS is committed to develop internal management systems for monitoring, reporting and verifying compliance (the "MRV" activities). This policy is considered to be a live document, and it will be regularly reviewed and updated following the relevant regional and national regulations, in particular the Brazil's Forest code requirements regarding legal reserve (RL) and riparian (APP) areas.

The Policy will be communicated and implemented across FS operations and supply chain respectively.

### **The following commitments of FS are effective as of the Effective Date (as defined in the Loan Agreement):**

The updated Purchasing Policy, based on NDPE commitments, will be implemented across all FS owned or managed/operated farms as well as applied throughout its corn- and biomass supply chains. The commitments include:

- Operating in compliance with all applicable regional and national regulations and code of conduct practices;
- Managing the sourcing of corn and biomass under no-deforestation principles;
- Respecting the communities' rights affected by our operations through community development and engagement programs;
- Protecting and respecting all employees' rights by following applicable regulations and standards;
- Enhancing transparency and traceability throughout FS' supply chain by engaging all suppliers to comply with the NDPE commitments.
- Respecting the rights of Free Prior and Informed Consent (FPIC) of indigenous and local communities.

#### *On specific commitments:*

To accelerate the implementation of the spirit of the Brazilian Forest Code, conserving and restoring native forests of Amazon and Cerrado, FS' Purchasing Policy will require **corn and biomass individual suppliers** to:

- Provide a valid CAR;
- Incentivize the Forest Code compliance by following the biome-specific cut-off dates. Where illegal deforestation might have taken place, commit to implement SEMA recommendations;
- Commit to no legal or illegal deforestation on the total area of CAR from where the corn or biomass is sourced, with the cut-off date of January 1, 2022;

To address deforestation risks in the supply chain of its **aggregate corn suppliers**, such as cooperatives, traders and similar, FS commits to:

- Maximize the CAR-level traceability of entire corn supply of these 2<sup>nd</sup> tier suppliers (past the aggregators) and encourage that it is deforestation-free;
- Design a strategy aimed at increasing the soy sector's transparency up to individual land use practices, both in Amazon and Cerrado biomes. Define a rating methodology to prioritize the aggregate suppliers with the most transparent and constantly improving land monitoring practices.

Both for individual and aggregate corn and biomass suppliers, FS commits to develop and implement the supplier due diligence mechanism (including compliance criteria) to monitor and verify compliance of its supply base against the NDPE policy and perform risk mitigation measures.

*On transparency:*

FS will provide a transparent grievance mechanism to resolve all grievances and conflicts related to this policy that is agreed upon with stakeholders. Once NDPE policy and strategy for its implementation is detailed, it will be publicly available on Company's website.