



Good Practice Guidelines for ProducePay Growers and Partners

Sustainability Guidelines 2024

| Version 1.1





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1. Introduction

ProducePay finances and supports projects across the globe that prioritize responsible agricultural practices centered on implementing fair labor standards, protecting our natural resources, and fostering positive engagement within our communities.

We believe sustainability plays a pivotal role in our vision, which since the company's foundation, aims to build a better supply chain for fresh produce and contribute to feed the world in a more sustainable manner.

Our vision and mission statements are listed below:

Vision: Feed the world sustainably.

Mission: We are transforming the agricultural industry with a transparent and predictable commerce platform that eliminates food waste.

Through our business model and our sustainability strategy, which takes into consideration both social and environmental factors from [Performance Standards developed by The International Finance Corporation \(IFC\)](#) we aim to infuse environmental, social and governance (ESG) consciousness into all phases of our investment cycle and product development, addressing and contributing positively to the various industry challenges that arise in the countries where our company operates.

As part of our sustainability strategy, we aim to foster the adoption of environmental and social agricultural practices through a sustainable agriculture program covering policy alignment, performance monitoring and assessment, mutual recognition system, capacity building and technical assistance in the field. We strongly believe that through these initiatives, we will enable a thriving and inclusive supply chain, addressing key environmental and social challenges regarding soil, air, water, land management, habitat and biodiversity restoration, human rights, diversity, gender, equity and inclusion.

By integrating these guidelines into how we engage with our clients and suppliers, we are opening the way to a long-term path of sustainable growth – a path that will create a more quality-driven risk-return profile and deliver the most value to our stakeholders and the planet.



2. Purpose

ProducePay strives to conduct its business in accordance with the highest ethical, social and environmental standards and expects its business partners to conduct themselves in the same manner. ProducePay acknowledges the environmental impact that the agricultural industry has had on the planet. Furthermore, we have long recognized the significant and valid concerns regarding the quality of working conditions in the agricultural sector globally and the environmental impact our industry has on the planet.

We are continuously working to create a better future for those involved in the produce industry across our value chain and for the people who live in communities affected by our business activities and the activities of our business partners.

We are aware of the role we play in facing the many challenges impacting the agricultural industry, such as climate change, loss of habitat and biodiversity; food shortfall and food waste, contamination of water sources, modern slavery and poor working conditions, inequality of opportunities, discrimination, among others. For this reason, through these Good Practice Guidelines for Produce Pay Growers and Partners (“Guidelines”), ProducePay seeks to go beyond compliance by promoting better practices in sustainability with its Growers, minimizing the risk of negative impacts on society and the environment and promoting and maximizing positive impacts both for the business, the environment and for all its business partners.

Through these Guidelines, ProducePay calls on our clients and suppliers to be aware of their socio-environmental viability and identifies the main gaps related to ESG among our clients and suppliers and thus focuses on building programs that tend to close gaps and promote better practices in sustainability in fresh produce value chains.

3. Scope of our good practice guidelines for ProducePay growers and partners

Vendors, suppliers, contractors, subcontractors, and customers that conduct business directly with ProducePay or that provide goods, services, or payment to ProducePay indirectly through other buyers (collectively, “Growers and Partners”), and all their of owned and subsidiary entities including farms, work sites, and production facilities (“Facilities”), must be compliant with all national and local laws in addition to customary international standards.



These include, but are not limited to, domestic legal frameworks and disclosure requirements related to international trade, sanctions, and security.

ProducePay Growers and Partners are expected to implement these Guidelines by incorporating the following practices into internal business policies, processes, and communications. ProducePay is committed to working with its business associates to eliminate, reduce or mitigate all risks, promote the best ESG practices, and remedy any issues identified in their supply chains. However, if at any point a Grower or Facility knowingly breaks the law, repeatedly fails to meet our requirements, or fails to demonstrate reasonable effort to comply, ProducePay reserves the right to take corrective action, up to and including the cancellation of contracts or termination of relationships.

4. Compliance with Applicable Laws

Growers and Partners will comply fully with the national laws of each country in which they conduct business or host facilities, as well as any local laws, regulations or standards applicable to their business (including obtaining permits), and prevailing industry standards in their areas of operation.

5. Ethics

ProducePay strives to promote the highest ethical standards in all stages of its operations, in line with national regulations and international best practices. This includes, but is not limited to, anti-bribery, anti-corruption practices and grievance mechanisms. Where not covered by applicable laws and regulations, implementation of the following practices is expected of all Growers and Partners at all Facilities.

5.1 Grievance Mechanisms

All Growers and Partners are required to have in place a grievance mechanism that enables workers, in all Facilities, to raise concerns in their preferred language, and to have those concerns fairly considered and responded to, without fear of intimidation, retribution, or retaliation. Growers and Partners should be prepared to demonstrate that these mechanisms are in working order, and that they are actively promoting them to workers, upon request. Mechanisms of Petitions, Complaints and Demands help to preventively promote interactions with interest groups that ensure the development of operations.



6. Child Labor and Young Workers

The use of child labor by Growers and Partners and all affiliated entities is prohibited. Growers and Partners shall not employ anyone under the age of 15, below the age of completion of compulsory education, or under the minimum age as defined by domestic laws, whichever is stricter. Official and verifiable documentation of each employee's date of birth, or a legally recognizable means of confirming each employee's age, shall be maintained. The use of legitimate workplace apprenticeship programs, which comply with Applicable Domestic Laws and Regulations, are permitted.

It is understood by harmful child labor, the employment of children that is economically explosive or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

Note: The hiring of workers under 15 may be considered on a case-by-case basis, where done in accordance with the International Labour Organization's (ILO) Convention 138, which stipulates that States should progressively raise the minimum age to a level consistent with the fullest physical and mental development of young people. Though it establishes 15 as the minimum age for work in general, a 15 year old is still a child (defined in international law as a person under 18). They are more vulnerable than adults to workplace hazards; and they need protection. Therefore C138 sets 18 as the minimum age for hazardous work.

Allowances may include light work in the context of family farms, particularly in indigenous communities or areas with limited economic opportunities outside of agriculture. Growers and Partners should alert ProducePay to all such cases and be prepared to work with ProducePay to determine whether exceptions are applicable.



7. Forced labor

Growers and Partners are prohibited from the use of forced, bonded, prison, indentured or compulsory labor in their supply chains. This includes modern forms of slavery, human trafficking, compulsory overtime, or the withholding of personal papers, work permits, personal identification, or compensation. It is prohibited for Growers and Partners to allow or require workers to pay employer or labor agent recruitment or other fees to obtain their employment. Growers and Partners must be able, upon request, to prove that they are actively taking steps to discourage recruited workers from paying these fees -- and when workers are found to have paid them, to reimburse the fees and take no punitive measures against the workers.

Workers shall not be subject to unreasonable restrictions of movement and are free to travel in accordance with the permissions afforded to them by their internationally guaranteed rights as persons and their nationality and travel documents, without interference.

Forced labor means all work or service, not voluntary performed , that is extracted from an individual under threat of force or penalty.

8. Labor and Employment Management

ProducePay recognizes the importance of respecting the labor rights of all workers, without distinction, as well as promoting best practices that guarantee the abolition of any form of abuse and new forms of modern exploitation. This includes, but is not limited to, wages, benefits, working hours, migrant workers, freedom of association, abuse and harassment, and discrimination. Where not covered by applicable laws and regulations, implementation of the following practices is expected to be implemented by all Growers and Partners at all Facilities.

8.1 Working Hours

A workweek shall be restricted to 60 hours, excluding overtime, and workers shall have at least one day off every seven days, except in unusual or emergency situations. All overtime work must be voluntary and paid at locally required multiple rates. Weekly hours including overtime must not exceed 70 hours.



8.2 Migrant Workers

Growers and Partners will ensure that transnational and international migrant workers are provided with a copy of their contract, and that they clearly understand – through communication in a language they comprehend – their rights and responsibilities and the conditions of their employment prior to leaving their home country or region. Workers employed or indirectly contracted by Growers and Partners shall not pay any recruitment fees, either directly to the grower or indirectly via licensed or unlicensed agencies, either for expenses related to their employment or in exchange for securing their position.

8.3 Freedom of Association and Collective Bargaining

ProducePay recognizes all workers' right to choose [or choose not] to affiliate with unions, organizations or associations and to bargain collectively without unlawful interference, discrimination, intimidation, retaliation or harassment. In places where national law restricts freedom of association as defined by customary international law, Growers and Partners should not take any step that prevents workers from forming or using channels to conduct activities normally associated with unions.

8.4 Abuse and Harassment

All Workers employed by Growers and Partners, directly or indirectly – including through contracted and subcontracted arrangements -- shall be treated with dignity and respect. Physical, sexual, verbal, or mental abuse, coercion or threats, corporal punishment, or any form of harassment during the hiring or employment of these workers is prohibited. Written disciplinary policies and procedures and records of disciplinary actions for all workers shall be maintained. Illegal or excessive disciplinary actions or monetary fines are prohibited.

8.5 Discrimination

For all Growers and Partners and in all their Facilities, discrimination based on race, color, religion, national origin, gender identity and expression, sex, pregnancy, sexual orientation, age, disability, marital status, military service, or any other protected status under relevant local laws is strictly prohibited. All employment-related decisions should be based on company needs, job requirements, qualifications, years of experience, and potential.

All workers, regardless of nationality or protected status, must be treated fairly and receive equivalent treatment (including benefits, wages, etc.) based on their position and responsibilities.



9. Health & Safety

ProducePay expects all Growers and Partners to comply with the highest standards of occupational health, hygiene and safety for all workers, as well as food quality to ensure food safety. Where not covered by applicable laws and regulations, implementation of the following practices is expected to be implemented by all Growers and Partners at all Facilities.

9.1 Health & Safety at Work

Growers and Partners shall actively promote safe, hygienic and healthy work environments and fully comply with all applicable safety and health regulations and practices. Growers and Partners must provide access to a safe, clean, healthy environment, including structurally sound buildings; comply with fire and electrical safety laws; and provide all-day access to clean drinking water and washrooms, sanitary facilities, and, if relevant, living quarters.

Workers must be provided with industry-standard safety equipment and allowed regular time- and weather-related breaks from physical labor.

10. Environmental Sustainability

On farms and other production facilities, adverse impacts upon the community, environment and natural resources shall be minimized while safeguarding the health and safety of the public. Growers and Partners shall comply with all applicable laws and regulations related to environmental protection. Where not covered by applicable laws and regulations, implementation of the following practices is expected of all Growers and Partners at all Facilities.

10.1 Biodiversity and deforestation

Growers and Partners shall maintain a management plan to identify the impacts their operations have on habitat loss and biodiversity. Growers and Partners shall implement restoration measures as well as prevention measures for areas with high biodiversity value and for protected species according to the International Union for Conservation of Nature (IUCN) Red List. Growers and Partners shall absolutely avoid deforestation and habitat loss in these highly valuable areas.



10.2 Water and Soil Management

Growers and Partners shall administer a water management program that documents, characterizes, and monitors water sources, their use and their discharge; seeks opportunities to conserve water and soil; and controls channels of contamination and soil erosion. Growers and Partners must minimize the use of agrochemicals to enable adequate conservation agriculture also known as agroforestry based on crop requirements. Growers and Partners shall not use pesticides which are not legally approved in the country of origin, nor those included in the list of prior informed consent (PIC) of Rotterdam nor those on the list of persistent organic pollutants of Stockholm.

We encourage our clients to follow the Guidelines for Highly Dangerous Pesticides of the World Health Organization (WHO) Chemical Safety and Health Unit and US EPA Guidelines for Pesticides Management.

10.3 Waste Management

Growers and Partners shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle waste. We encourage Growers and Partners to set goals to reduce waste-to-landfill throughout their operations. Under criteria of environmental, appropriate technology, economic and social efficiency. Start from the most favorable option to the least favorable; this is: Prevention, reduction, reuse, recycling, energy recovery and finally disposal.

We support the implementation of circular economy practices within operations, in order to avoid, reduce, reuse or recycle outgoing waste and reduce air and water pollution. Growers and Partners are expected to minimize food loss or waste and to promote nutrient recycling.

10.4 Transparency and Disclosure

ProducePay reserves the right to inspect the practices and/or Facilities/entities of any Grower in its supply chains and in the supply chains of its business partners, at any time and in any place. Upon request, Growers and Partners are expected to provide documentation and clear transparency around all applicable business practices, including by allowing ProducePay and third-party vendors to engage with workers directly. ProducePay may delay or cancel any payment, service, contract or other obligation that it may have with any Grower or Facility that fails to comply with these Guidelines, including the obligations of transparency and disclosure stated herein.

Growers and Partners have a responsibility to notify ProducePay within 24 hours of when they are made aware of any violation of these Guidelines.

**Let's set a new standard
for predictability in the
fresh produce supply chain.**

PRODUCEPAY
A better way to grow.

