



**Certified Responsible Soy**

*Chain of Custody document*

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## Preface

Global demand for soya has grown considerably in recent years and still is. To safeguard production of soya, current and future, is done in a responsible way, Cefetra developed its own standard together with Contol Union Certifications (launched in 2008): the Certified Responsible Soya standard, CRS in short.

### What characterizes the CRS standard:

**Compliance with the law:** All certified farmers must be able to show legal compliance with all applicable laws and legislation.

**Zero-conversion/deforestation:** the CRS standard does not allow any conversion (forest or other natural area) after 2009, and earlier for lands within the Amazon Biome.

**Area Mass Balance supply chain model:** Developed by and unique to Cefetra. For the area mass balance model, Cefetra takes the physical flow from South America as a starting point and certifies farms in the regions where the physical soybeans are sourced. Hereby we ensure embedded sustainable soy in our supply chain, a more physical link with the supply chain compared to book and claim and impact is realized in the regions where we source our soy.

**Transparency:** The CRS Standard only contains major indicators, resulting in transparency towards producers and other stakeholders.

**No double claiming:** Within the CRS standard it is not possible to certify a farm according to different certification standards. This is actively monitored during the yearly audits.

**Inclusion:** the CRS Standard provides an opportunity for large, medium, and small-scale producers to obtain certification. For small-scale farmers it is possible to certify CRS by the use of group certification.

**Long-term partnership with farmers:** Cefetra works closely together with farmers to ensure improvement of sustainable practices on the farm. Cefetra commits itself to long-term partnerships, meaning the farmer has a guaranteed outlet to Cefetra as soon as it becomes certified.

**Periodicity:** the CRS Standard requires that all certified producers have to be audited on an annual basis by an independent third party.

**Principles:** CRS Standard covers the most important indicators to ensure ecologically sound and socially responsible soy, and even includes principles beyond these ensuring a high level standard.

**Continuous Improvement:** The CRS Standard focuses on continuous improvement on the farm.

**Detailed audit/compliance report:** Producers certified according the CRS Standard receive a detailed report that allows them to track their developments to ensure continuous improvement, communicate their performance to clients, and obtain loans from investors by demonstrating independent acknowledgement of the implemented sustainable practices.

### The indicators of the CRS standard are divided under 7 principles:

- 1) Traceability;
- 2) Legal compliance;
- 3) Labor conditions;
- 4) Land rights;
- 5) Environmental responsibility;
- 6) Social responsibility;
- 7) Good Agricultural Practices (GAP).

### Scope of this document

In this document the different supply chain models for CRS are explained.

This document will especially focus on the mass balance supply chain model: indicating the requirements for producers, crush facilities and traders. Additionally, the auditing procedure will be explained in more detail.

For the area mass balance supply chain model, another document was established 'audits area mass balance document' where the auditing procedure is explained for this supply chain model.

### Other relevant CRS documents

Besides this document, the following documents are also available (some publicly, some upon request) for the CRS standard:

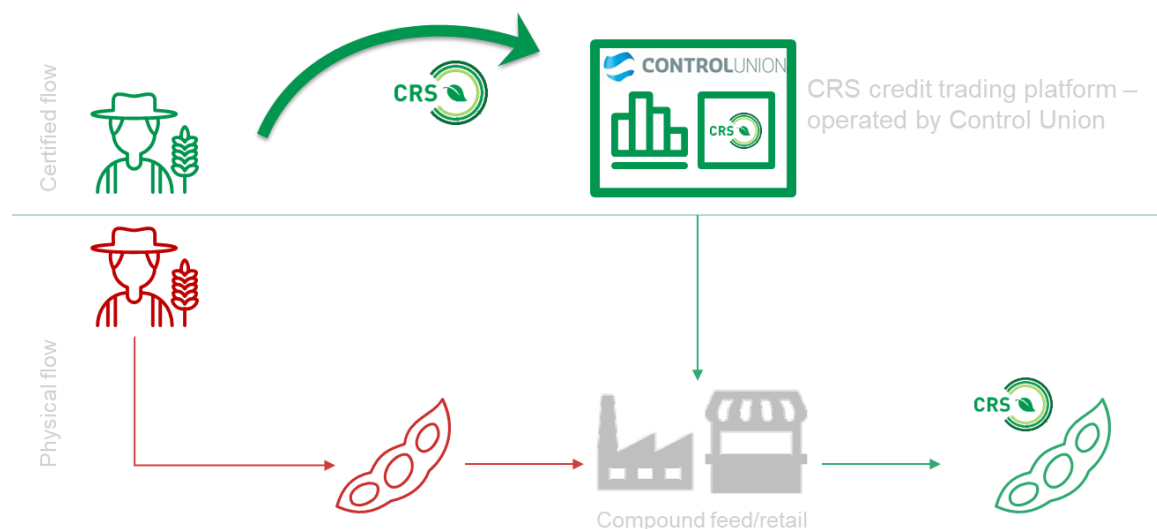
- Inspector checklist;
- Certified Responsible Soy standard;
- The normative document;
- Certified Responsible Soy Certification protocol;
- Group certification standard;
- Audits Area Mass Balance model document;

## Different supply chain models used to supply CRS soy

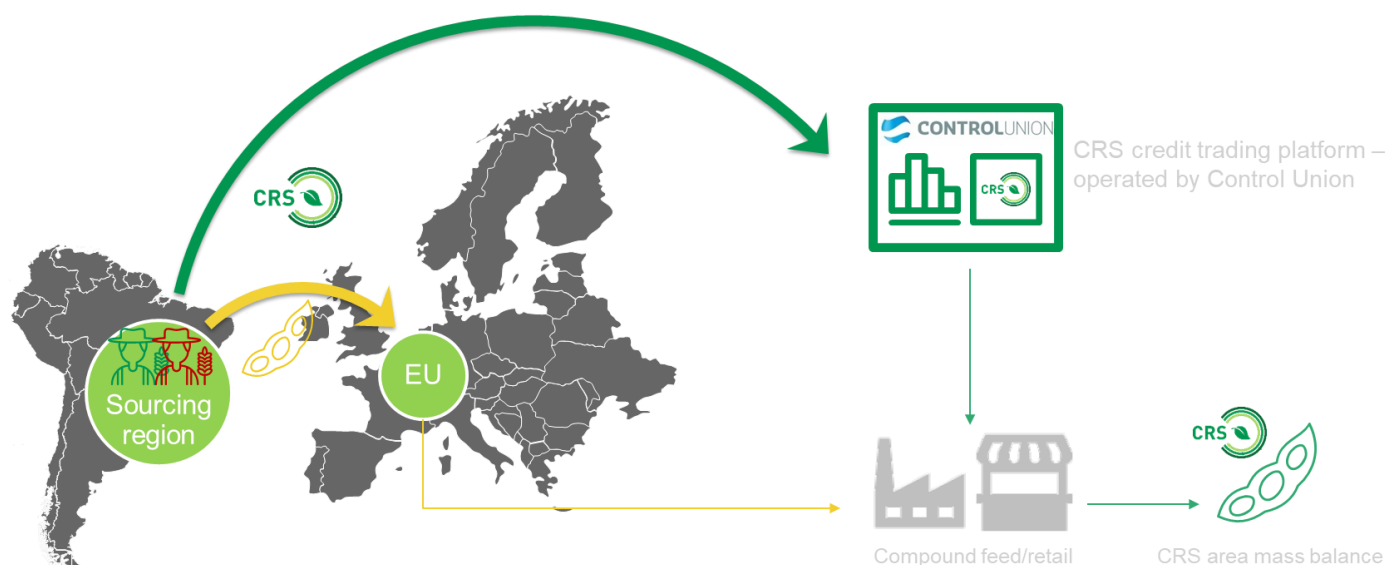
### 1. Book & Claim

Chain of Custody model in which the administrative record flow is not necessarily connected to the physical flow of material or product throughout the supply chain.

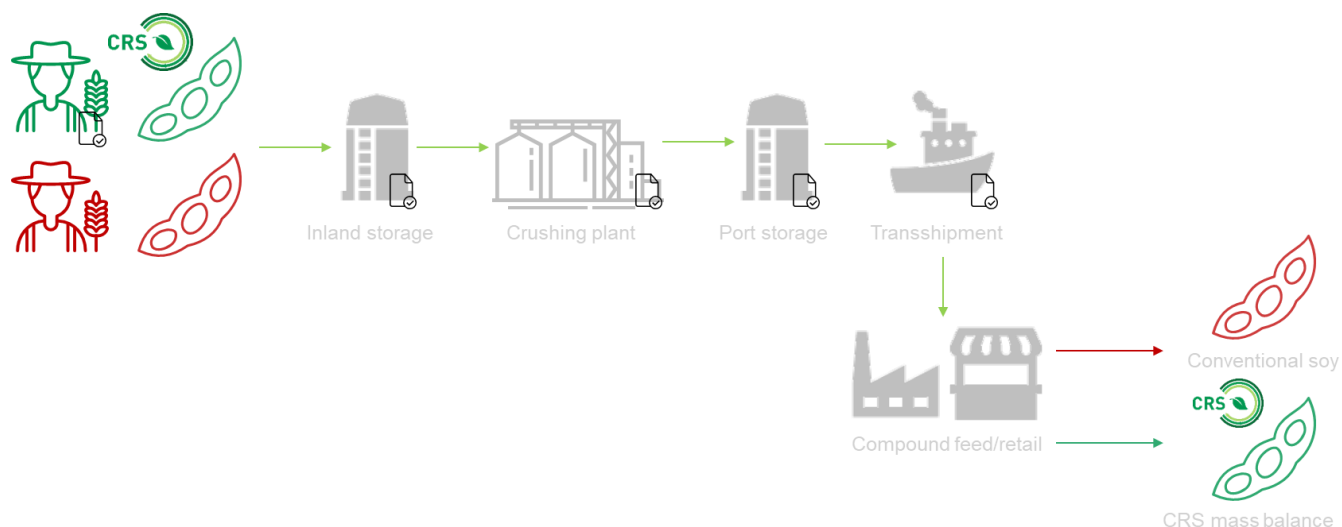
Note 1 to entry: This Chain of Custody model is also referred to as 'certificate trading model' or 'credit trading



A supply chain model that combines mass balance and book & claim. Cefetra, which buys the physical flow of soya on the regular market buys credits for responsible production from growers in the same area. Since these credits must come from growers working in the same area where the physical soya is sourced, impact is also realized in the physical sourcing regions and sustainable product is embedded in the supply chain. The certificates are linked to Cefetra's physical flow into the European Union via the area mass balance model. This model is yearly audited by Control Union Certifications: does Cefetra indeed originated physical volume of soya from the same regions where Cefetra certifies farms and distributed this soya into the European Union. In the Audits Area Mass Balance model document, it is explained in more detail what is checked during this yearly audit.



Chain of Custody model in which materials or products with a set of specified characteristics are mixed according to defined criteria with materials or products without that set of characteristics. Meaning, that it is not necessary to store sustainable CRS produce separately from conventional produce. Via documents it is checked/traced that the sustainable CRS certified soya is physically present in the supply chain. Via a material accounting system it is checked that input of sustainable material equals (and never exceeds) the output of CRS mass balance. This model is yearly checked by Control Union Certifications: does the certified CRS farm deliver produce to the inland storage, to the crushing plant, to the port storage into the vessel transhipped and delivered by Cefetra to its customers in the European Union and United Kingdom.



## Chain of Custody requirements for the mass balance supply chain model

### 4. Requirements for producers

1. The farm should comply with all indicators as mentioned in the Certified Responsible Soy standard.
2. The invoice issued for soybeans delivered to the downstream partner (e.g. inland storage or crushing plant) should contain the following information:
  - 2.1 Identification of the organization (e.g. name farm, address details and other relevant information);
  - 2.2 Description of the raw material sold and/or delivered (i.e. soybeans, CRS certified);
  - 2.3 Quantity of the products sold and/or delivered to the downstream partner;
  - 2.4 Something to link the invoice to the CRS certified harvesting season (e.g. invoice date, dispatch date, date when the document was issued, etc.).

For the mass balance model Cefetra will work closely together with the crushing plant and its suppliers. Meaning, that Cefetra and its suppliers will know which farms will be CRS certified, as well will Control Union Certification who will also perform the audit on the farm.

### 5. Requirements for inland storage (when applicable)

3. The inland storage should check if the received invoice contains the required information (see also point 2):
  - 3.1 Identification of the supplying organization (e.g. name farm, address details and other relevant information);
  - 3.2 Description of the raw material sold (i.e. soybeans, CRS certified);
  - 3.3 Quantity of the products sold and delivered to the inland storage;
  - 3.4 Something to link the invoice to the CRS certified harvesting season (e.g. invoice date, dispatch date, date when the document was issued, etc.).
4. Ensure incoming transport documents are available for this delivery, it must be possible to link this document to the received invoice.
5. The invoice issued for soybeans delivered to the downstream partner (e.g. inland storage or crushing plant) should contain the following information:
  - 5.1 Identification of the organization (e.g. name organization, address details and other relevant information);
  - 5.2 Description of the raw material sold (i.e. soybeans, CRS certified);

5.3 Quantity of the products sold and delivered to the downstream partner (i.e. volume of CRS certified material equals incoming flow of CRS certified material).

*Guidance for point 5: for the mass balance model it is not necessary to store CRS certified soybeans separately from conventional products.*

6. The inland storage makes sure that the output of CRS mass balance material supplied to customers from the inland storage does not exceed the input of CRS mass balance material received from the farms.

6.1 The inland storage makes sure it will only send out documents indicating the soybeans are CRS certified to the crushing plant included in this mass balance project.

7. Ensure outgoing transport documents are available for this delivery, it must be possible to link this document to the outgoing invoice.

8. Ensure the documents mentioned under point 3 – 6 are available for Control Union for the yearly document check. Retention period for these documents should be at least 2 years.

## 6. Requirements for crushing plants

9. The crushing plant should check if the received invoice contains the required information (see also point 2 or point 5): requirements depend on the upstream partner (i.e. farm or inland storage)

10. Ensure incoming transport documents are available for this delivery, it must be possible to link this document to the received invoice.

11. The outgoing invoice for soybean meal delivered to the downstream partner (e.g. port storage, inland storage or Cefetra) should contain the following information:

11.1 Identification of the organization (e.g. name organization, address details and other relevant information);

11.2 Description of the raw material sold (i.e. soybean meal, CRS certified);

11.3 Quantity of the products sold and delivered to the downstream partner.

*Guidance for point 11: 1MT of soybeans certified according to the CRS standard equals 1MT of soybean meal certified according to the CRS standard.*

12. Ensure outgoing transport documents are available for this delivery, it must be possible to link this document to the outgoing invoice.

*Guidance for point 11 and 12: If the port storage is rented or owned by the crushing plant, it is not necessary to send an invoice to the port storage. In that case, the crushing plant must make sure the soybean meal is traceable: i.e. ensure transport documents show raw material is transported from the crushing plant to the port storage and is delivered in one of the vessels received by Cefetra.*

13. For the mass balance model Cefetra works closely together with the crushing plant. Meaning, the crushing plant will select the farms that will become CRS certified. To check the total incoming flow of CRS certified material, the crushing plant will set up an overview indicating all deliveries to the crushing plant for which the soybeans were CRS certified.

14. Ensure the documents mentioned under point 8 – 12 are available for Control Union for the yearly document check. Retention period for these documents should be at least 2 years.

## 7. Requirements for Cefetra

15. Cefetra should check if the received invoice contains the required information (see also point 11).

16. Ensure incoming transport documents are available for this delivery, it must be possible to link this document to the received invoice.

*Guidance for point 15: The incoming documents must make clear that products are delivered from the port storage into the vessel received by Cefetra.*

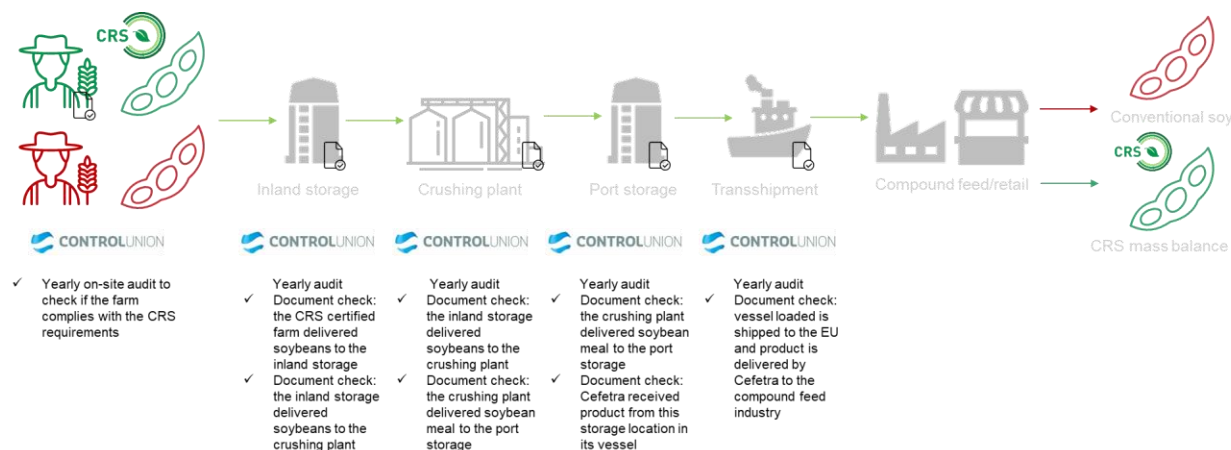
17. The outgoing invoice for soybean meal delivered to the downstream partner (e.g. compound feed industry) should contain the following information:
- 17.1 Identification of the organization (e.g. name organization, address details and other relevant information);
  - 17.2 Description of the raw material sold (i.e. soybean meal, CRS certified according to the MB supply chain model);
  - 17.3 Quantity of the products sold and delivered to the downstream partner.
18. Ensure outgoing transport documents are available for this delivery, it must be possible to link this document to the outgoing invoice.
19. To ensure the CRS material balance contains the correct volume of CRS certified material available, request Control Union Certifications to set up a certificate for the delivery of CRS MB certified product to the customer.
20. Ensure the documents mentioned under point 14 – 19 are available for Control Union for the yearly document check. Retention period for these documents should be at least 2 years.

## Auditing requirements for Control Union Certifications

To ensure the credibility, the Mass Balance supply chain model will be audited by Control Union certifications on a yearly basis. During this audit, which can be performed either on site or off-site (depending on the preferences of the supply chain partner) and will be based on a document check.

Mass balance is an administrative system, which does not specify additional requirements on how the product is stored in the supply chain. In principle this means that Control Union will verify during this audit 1) if the farm is CRS certified and 2) delivered to the inland storage (if applicable), 3) products from this inland storage are delivered to the crushing plant, 4) from this crushing plant product is delivered to the port storage, and 5) from this port storage products is delivered into a vessel Cefetra receives which is transshipped to Europe and the United Kingdom to be delivered to the compound feed industry.

In the below image it is indicated what Control Union Certifications checks at each part of the supply chain to ensure CRS certified product is delivered traced through all these stages of the supply chain.



## Exceptional situations

### 8. Expected fraud

In case of suspected fraud, the supply chain partner suspecting fraud will inform Control Union Certifications and Cefetra. Jointly an investigation will be started.

## 9. Product recall

In case the certified product needs to be withdrawn/recalled from the market, the supply chain partner recalling/withdrawing the product will inform Control Union Certifications and Cefetra.

Depending on the situation, e.g. the location of the product in the supply chain and the size of the recall, the above mentioned parties will decide together what the impact will be on the volumes certified as mass balance.



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