

Corporate Social Responsibility (CSR) Policy



**Community Food Systems and
Service India Pvt. Ltd. (CFSS India)**

BH | January, 2023

Table of Contents

| | |
|---|-----------|
| Scope of the CSR report..... | 5 |
| Introduction..... | 6 |
| Mission..... | 6 |
| Product/Services..... | 6 |
| Nutritional and long-term impact..... | 6 |
| Corporate Social Responsibility (CSR) of CFSS..... | 7 |
| CSR Commitment..... | 7 |
| CSR Goals..... | 7 |
| CSR Strategy..... | 7 |
| Link and contribution to Sustainable Development Goals (SDGs)..... | 8 |
| Sustainability Policy..... | 9 |
| Local Sourcing..... | 9 |
| Sustainable food production..... | 9 |
| Environmental Policy..... | 10 |
| Production Units..... | 10 |
| Sustainable Packaging..... | 10 |
| Solid waste management..... | 10 |
| Waste water treatment..... | 11 |
| Water conservation..... | 11 |
| Energy-efficient..... | 11 |
| Product transportation..... | 11 |
| Social Policy..... | 12 |
| Living wage salary..... | 12 |

| | |
|--|-----------|
| Human resource and human right..... | 12 |
| Fundamental Human rights..... | 12 |
| No Child labour..... | 12 |
| No Forced labour..... | 13 |
| Working Conditions..... | 13 |
| Employee Health & Safety..... | 13 |
| Equality of opportunity and treatment..... | 13 |
| Discrimination & Harassment..... | 13 |
| Ethic Policy..... | 14 |
| Gender..... | 14 |
| Prevention of fraud..... | 14 |
| Rejection of corruption & bribery..... | 14 |
| Privacy of employees..... | 14 |
| Data security..... | 14 |
| Network..... | 14 |
| Supply Chain..... | 15 |
| Associations CSR..... | 15 |
| Midday meals (school meals for BOP children)..... | 15 |
| Farmers trainings for sustainable agriculture..... | 15 |
| Skills Training Project for marginalize people in India..... | 15 |

Terminologies:

Corporate Social Responsibility (CSR) or (*Maatschappelijk Verantwoord Ondernemen, MVO*) is a company's sense of responsibility toward the community and environment, both ecological and social, in which it operates. This means taking responsibility for the impact on the environment, the society, and employees while striving for economic success.

Sustainable Development Goals (SDGs) known as the Global **Goals**, a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

In 2015, countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals. The 2030 Agenda for Sustainable Development provides a global blueprint for dignity, peace and prosperity for people and the planet, now and in the future.

Scope of the CSR report

The CSR policy of CFSS is mainly for internal management. It covers the significant social, economic, ethical and environmental commitments to pursue our business activities by considering the global sustainability agenda, government commitments, stakeholders and consumers priorities.

We are committed to monitor regularly our environmental & social performance and continue improvements and reporting on CSR issues on regular bases.

Company Introduction

Community Food Systems and Service Pvt. Ltd. (CFSS India) is a new company, established on 11 June 2021 and is a subsidiary of Community Food Systems and Services B.V. (CFSS NL) Henk J.P. Schouten is the founder and part owner of both companies.

Henk also owns Nutrilab B.V., a laboratory for food and feed. The activities and experience of Schouten Europe and Nutrilab contribute to the development of CFSS. Until 2021 Henk also owned Schouten Europe B.V., which is specialized in the development and sales of Plant Based Protein products. Henk Schouten was the first to start in 1990, with a Dutch company, active in vegetarian meat alternatives.

The family business activities are going back to the year 1893. Started with a bakery and after that compound feed production, international feed, commodity trade, agricultural equipment, laboratory and since 1990 active in the Plant Based Protein business.

Mission

CFSS mission is to improve the diets of people (children and adults) in underdeveloped countries, fighting poverty with smart and sustainable food systems.

Product/Services

CFSS starts with introducing Tempeh in India. The Tempeh will be produced at small production units all over India. Each unit has an online connection to CFSS in the Netherlands where the whole production procedure (including fermentation) can be monitored.

Nutritional and long-term impact

India bears the double burden of malnutrition for a large part of her population. CFSS aims to provide high nutritional products and to improve nutrition awareness among communities, with a special focus on school children.

- Contribution in health improvement by introducing high nutritional Tempeh products. That will overcome the deficiency of iron and vitamin B12, especial for women and children in India.
- More than 50% of all children (below 12 years) have a form of anemia. Under women this percentage is even higher.
- Improvement of health (Vit B12, Iron, probiotic effect).
- More than 500 direct jobs will be created by this investment; in the Netherlands a team of 5 and the remaining will be in India.
- Awareness regarding intake of protein.
- Awareness about plant based protein.

Corporate Social Responsibility (CSR) of CFSS

Commitment

CFSS believes in economic growth and social development to achieve equity and equality in our society. We are motivated to comply our corporate activities in social responsible behaviour and community welfare in our operated areas.

CSR Management

CFSS will follow a structured governance procedure to monitor CSR activities. The CSR Policy is governed by the Board of Directors. During 2023 we are planning to appoint a CSR Committee within CFSS.

CSR Goals

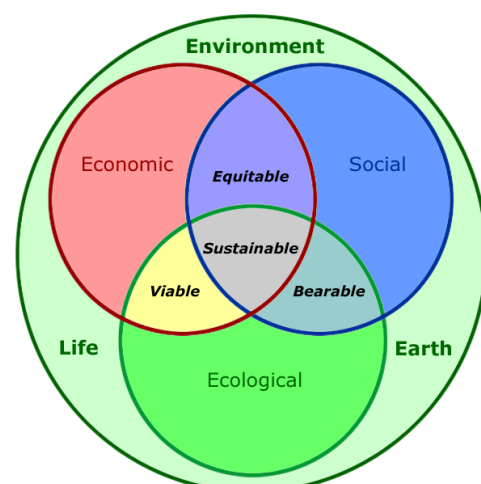
Access to an affordable and high nutritional plant based protein product for everyone in India by sustainable cultivation, reduction in CO2 footprints, and zero-poverty impact, with;

- Responsible sourcing;
- Living wage salaries;
- Responsible supply chain management;
- Minimizing impact on the environment by reduction of energy and water use;
- Maximum reuse, reduce and recycling of the waste;
- Well-being of the communities where we operate;
- Dealing with employees in a responsible way;
- Building long term relationships with our suppliers.

CSR Strategy

CFSS sustainability strategy aligns with the UN Sustainable Development Goals (SDGs).

We will integrate sustainability into our business to create greater impact across our value chain. We will focus on mitigating climate change, promoting natural environment, optimizing resources, professional growth and personal development of our employees and supporting communities.



Contribution to Sustainable Development Goals (SDGs)

CFSS take part in global sustainability agenda. We have chosen the following five SDGs;

SDG 1. End poverty in all its forms everywhere.

SDG 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

SDG 7. Ensure access to affordable, reliable, sustainable and modern energy for all.

SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG 12. Ensure sustainable consumption and production patterns.

These selected goals are directly and indirectly influencing our business activities regarding sustainable development.



Sustainability Policy

Local Sourcing

All equipment, raw material and packaging material will be sourced locally.

CFSS will buy local soybean, pulses, grains ,other ingredients and packaging material from local suppliers for sustainable Tempeh production.

This will reduce the impact on climate, improve the income of local farmers and strengthen the local economy.

Sustainable food production

- Bethel Agricultural Fellowship (partner of CFSS) will provide trainings to 2.000 local small holders on;
 - producing sustainable soy, with higher quality and better yields.
 - less use of pesticides.
- CFSS will organize trainings for Tempeh production and application of Tempeh in Indian (school) meals to relevant stakeholders.
- Coaching and development of individual farmers on sustainable cultivation, harvesting, cleaning, packing, storage and transport.
- Promotion of plant-based proteins in retail and foodservices.
- Meetings and negotiations with suppliers to reduce CO2 impact in the products.
- Building long term relationships with raw material suppliers.
- Suppliers engagement on the environment and local community welfare.

Environmental Policy

Ensuring environmental sustainability, ecological balance, and protection of flora and fauna, animal, welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water in respective working areas of CFSS in India.

Commitments and actions:

Production Units

Each production unit will work under the FSSAI (Food Safety and Standard Authority of India) permit.

Sustainable Packaging

Reducing the waste stream by using less packaging material.

- Buying local-made plastic packaging which meet the national quality standard.
- Efficient packaging by using less packaging material.
- Packaging is 100% recyclable after end use of product.
- CFSS will clearly indicate the disposal instruction on packaging for retails and customers.

Solid waste management

Reduction, reuse and recycling of produced waste.

- Efficient packaging material.
- Waste segregation at production sites
- CFSS will work closely with local municipal corporations in the respective working cities for proper collection, transportation and disposal of production waste.
- The production food items which cannot sold and have expiry date will be donated to Food redistribution organizations in India.
- CFSS will ensure to maximum use/reuse of our food products throughout supply chain including distributors and retailers.
- CFSS will oblige the state rules (The Committee for Food Waste Reduction India) for food waste reduction.

Waste water treatment

Use of appropriate drainage system for maximum waste water treatment

- Waste water from production will be discharged to industrial sewerage for maximum waste water treatment.
- Following the guidelines of **Water and sewerage department of India** for waste water treatment.

Water Conservation

- Reducing water use in food production.
- Using appropriate technologies to improve the efficiency of water use.
- Regularly record and analysis of water consumption.
- Installation of water-saving taps .
- Reduction of grey water (fresh water used to clean the products). Use of modern technology using less water or dry cleaning technologies to clean production units/plants.
- CFSS will do a research on the availability of efficient modern technology in India.

Energy-efficient

- Use of modern and energy efficient technology/machines.
- Installation of solar energy panels. CFSS will make use of solar energy at maximal level from food processing to transportation to reduce the environmental impact in India.

Product Transport

- Work with transport companies who behave responsible toward environment, using efficient environment friendly vehicles.
- CFSS will do the research on use of solar energy Rikshaws for Tempeh delivery to consumers.

Social Policy

Living wage salary

CFSS will provide fair and equal wage to all genders based on living wage salary.

CFSS will use Wage Indicator and the Code on Wages 2019 from Ministry of Law and Justice India as a guideline reference to calculate payroll according to the living wage base salary.

Ministry of Law and Justice India has developed “**The Code on Wages 2019**” for Industry to provide fair wages to their employees in India. The code clearly mentioned about basic wage, compensation of living cost and extra bonuses. Bonus will not be considered in the wage but an extra benefit for employees. **THE CODE ON WAGES, 2019 No. 29 of 2019.pdf**

(labour.gov.in)

The Wage Indicator Foundation defined living wage as “an adequate income to cover the necessary living costs of a family, including food expenses, housing expenses, tax deduction, transport expenses, health care expenses, education expenses and other expenses”. Wage Indicator has done the ‘Cost of Living Survey’ to calculate Living Wage in more than 70 countries. In India they have calculated the wage rate according to the family composition.

Living Wage Series - India - September 2019 - In Indian Rupee, per Month -

WageIndicator.org

ILO Minimum Wage Fixing Convention, 1970 (No. 131) states that minimum wage setting should involve social partners and independent experts and take into consideration: (i) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits and the relative living standards of other social groups; and (ii) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

Human resource and human right

CFSS supports the Sustainable Development Goals (SDGs) including specific targets related to the promotion of fundamental freedoms, which encompass freedom of association and collective bargaining, and the elimination of child labour, forced labour and discrimination at work.

Fundamental Human rights

CFSS will support and respect the protection of internationally proclaimed human rights in India. CFSS will uphold and promote the basic rights and freedoms of all those who work across the value chain.

No Child labour

Child labour is often defined as work that deprives children of their childhood, their potential and their dignity, and that it is harmful to their physical and mental development. According to International Labour Organization (ILO) a total of 152 million children - 64 million girls and 88 million boys - are in child labour globally, accounting for almost one in ten of all children worldwide.

CFSS will strictly discourage and prevent child labour. We assess our suppliers and production partners for their employees minimum age may not be lower than the age stipulated in conventions 138 and 182 of the International Labour Organization, i.e. 15 years, increased to 18 years for dangerous or particularly difficult work.

In December 2022, CFSS is awarded with the Dutch grant program "Fund against Child Labour" (ref. FBK22S10B). The FBK-program helps CFSS in:

- Researching the lead causes of child labour in our production chains;
- Taking actions to prevent child labour at a local level;
- Taking measures to prevent child labour in our businesses.

For more information, check: <https://english.rvo.nl/subsidies-programmes/fbkj>.

No Forced labour

CFSS does not accept any form of forced labour such as bonded labour, prison labour, slavery, human trafficking or the retention of any important personal documents of employees.

Working Conditions

Employee Health & Safety

CFSS is determined to provide and maintain working conditions that ensure the safety and protect the physical and mental health of all its employees.

- We will have all the safety measures such as; first aid for accidents, fighting fire and limiting the consequences of accidents, alarm and evacuation, and communication & connections with external emergency services.
- We also ensure to equal health and safety protection for part-time and temporary manpower, as well as for workers working through subcontracting.
- We offer our employees enough vacation for their work life balance.
- CFSS will follow the guidelines from Ministry of Labour & Employment India. **Safety, Health and Environment at Work Place | Ministry of Labour & Employment**

Equality of opportunity and treatment

Decisions concerning recruitment, promotion, job maintenance, training, improvement and remuneration are based on the aptitude, skill and experience required to perform the job.

CFSS fully respects the fundamental human rights ; equality regarding religion, belief, political health, race, gender, nationality, sexual orientation or marital status.

- We provide equal employment opportunities to men and women.
- The employees are selected based on their qualification, skills and experience relevant to the job specification.
- CFSS offers equal salary and benefits to men and women with same work level.

Discrimination & Harassment

Under no circumstances will be tolerated any acts of harassment of any kind and discriminatory practices against employees, and likewise against suppliers, clients and other persons with whom the CFSS has business relations.

We will protect our employees against physical, verbal, sexual or psychological intimidation, abuse, or threats at work place.

Ethic Policy

Gender

Gender refers to the socially constructed characteristics of men and women – such as norms, roles and relationships of and between groups of men and women. Men and women are assigned roles in all societies. These roles of men and women sometimes discriminate against women, but also against men. In all cases, discrimination against men or women limits the potential of individuals, families, communities and societies.

CFSS considers equal the men and the women. We will provide equal opportunities to male and female workers in recruitment, task allocation, training, promotion opportunities, compensation and termination of employment. We offer equal pay for male and female workers for equivalent work.

Prevention of fraud

Fraud means any deliberate illegal behaviour aimed at appropriating, misusing, falsifying, dissimulating, omitting or destroying money, goods, data and information belonging to a company.

Internal fraud may involves misusing the company's resources to the detriment of the company and its employees.

In order to protect the interests of CFSS and its employees, CFSS will act with the greatest strictness against anyone who commits fraud.

Rejection of corruption & bribery

CFSS considers that acts of active or passive corruption, aimed at public officers or employees of private companies, suppliers, are unacceptable in the operational areas.

In this context, the following rules apply:

- it is strictly prohibited to offer or to pay a public officer, a private company, supplier or an employee of this company (or an individual or legal entity related to the latter) a commission, benefit of any kind, whether tangible or intangible, or a facilitation payment (i.e. a payment designed to make a routine formality quicker);
- all payments must be correctly accounted in line with the applicable accounting principles used at CFSS and must be made into a bank account identified in writing.

Privacy of employees

Employee records shall not be disclosed to any person unless this is required by law or with the written consent of the employee concerned.

Data security

CFSS will protect the privacy and data of all its employees, stakeholders and suppliers.

Network

We will engage in local, national and international networks with the aim of building strong relationships in areas relevant to our business.

Supply Chain

- Build the trust with suppliers.
- Commitment with suppliers to work together on CSR issues.
- Sign contracts with suppliers for supplying responsible products.
- CFSS together with Bethel Agricultural Fellowship provide trainings to local farmers for sustainable production and supply of soy bean and pulses.

Associations CSR

Midday meals (school meals for BOP children)

CFSS will provide midday meals to school children especially for unprivileged children in India. A certain percentage of the Tempeh production will be used for midday meals. CFSS aims to provide around 255.000 nutritional school meals 4 times per week, in total 53 million meals per year.

Midday meals project will not only contribute to offer sufficient and high nutrition food to poor children who also not get enough food at home, but also build the capacity of local people and strengthen the local economy. This project will ensure the knowledge transfer by providing trainings to local people in the use of Tempeh in daily meals.

Farmers trainings for Sustainable agriculture

Bethel Agricultural Fellowship (partner of CFSS) will provide trainings to 2.000 local small holder soybean farmers on;

- To produce sustainable soy, with higher quality and better yields.
- To cultivate their crops in better and environment friendly way. Considering, for example, a lower use of harmful chemicals.
- How to obtain good seeds and fertilizers, purchase services and to reach their customers.

Skills training project for marginalized people in India

Henk Schouten is supporting a skills training centre for women in Chennai, India. The aim of this project is to empower and strengthen the women by providing skills to improve their family income and to live with dignity in society.