PROTERRA STANDARD

GUIDANCE FOR INDUSTRIAL PROCESSING – V1.0

PROTERRA FOUNDATION

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ProTerra Europa - The ProTerra Standard Guidance for Industrial Processing (Level III)

1. Introduction

The ProTerra Foundation's mission is to be a global network of organizations and businesses supporting more sustainable agricultural practices, in the food and feed supply chains, where relevant the conversion to non-GMOs and full respect of workers and communities' dignity. We envisage a world where all stakeholders contribute to the protection of biodiversity by switching to sustainable production, conserve natural resources and ensures that local communities are treated with dignity and respect.

We recognize that in many parts of the world there is a significant gap between the reality and sustainable agricultural practices and food/feed production, were in other parts the practices can exceed the general benchmark. Therefore, regional interpretations may be necessary to help businesses engage and ultimately implement over time a sustainable approach to their activities or to help stakeholders gain confidence in the practices associated to products coming from regions with a diverse reality than theirs.

ProTerra Foundation has issued its Guidance for industrial processing (Level III) of the ProTerra Standard aiming at supporting the improvement over time of the industrial activity and its impact over agriculture. Additionally, this Guidance aims to help stakeholders gain confidence in products within their supply chain.

ProTerra has four core aims, that have driven the development of this **Guidance for industrial processing** of **ProTerra:**

- Foster good agricultural practices;
- Secure the supply of sustainably produced, traceable, non-GMO ingredients for feed and food;
- Protect the environment, and
- Promote that workers and communities be treated with dignity and respect.

2. Implementation Approach

This Guidance aims at supporting Level III stakeholders when implementing the ProTerra requirements within their reality of industrial processors operating in the different countries.

The risk evaluation of the different European countries defined in the European Interpretation of the ProTerra Standard and based on both the potential presence of GMO in a crop and in the potential of negative environmental and social aspects of agricultural activity in a given European country, can be applied within this scope too. This means that based on the specific result, a set of ProTerra principles, criteria and indicators are selected and against these

producers and / or farms will be assessed. Ultimately where there is a reduced level of risk the scrutiny will be also reduced (APPENDIX 1).

The ProTerra Certification can apply to raw materials, ingredients or multi-ingredient products. This may be accomplished using two basic approaches:

• Each actor in the food and feed supply chain can be certified against the relevant ProTerra Standard set of indicators, or

• Certified organisations that use inputs from actors that are not ProTerra certified in their own right shall implement systems to control and monitor its supply chain(s) to ensure that the relevant ProTerra Standard indicators are met. In this case the verification of this system will be considered as part of the user's own ProTerra certification responsibilities and verified by the Certification Body.

3. Benchmarking against other standards

ProTerra has rules for benchmarking against other sustainability criteria. The objective of benchmarking is understandings the level of alignment between standards and defining *recognition agreement* where possible. ProTerra embraces mutual recognition and synergies wherever applicable. These synergies aim towards the reduction of costs and complexity on all levels, reduce audit burden and encourages cooperation.

ProTerra benchmarking criteria and the current recognized Standards are detailed on the ProTerra Foundation webpage.

4. Guidance for Auditing the control system to monitor the supply chain

The auditor should verify the level of compliance between the company's internal requirements and ProTerra criteria applicable for Level III in the form of a document review and interviews with key staff.

The scope for auditing the control system to monitor the supply chain includes the following aspects, the applicability of which will be determined by the Risk Approach define in Appendix 1, and by the size and complexity of the operation being audited

- Roles, responsibilities and authority related to the supply chain control system within the organization seeking certification;
- Internal staff training on topics related to supply chain control system and ProTerra applicable requirements to the organization and to the suppliers;
- Programs and procedures related to the supply chain management considering the applicable ProTerra requirements;
- Internal program for the monitoring of suppliers, including:
    - Agreements with suppliers – no slave labor or analogous, no child labor, abide to the law.
    - Performance evaluation of suppliers including verification of environmental embargoes, and deforestation (georeferencing)

- Follow up of corrective action plans and implementation, regarding audited suppliers;
- A program for communication and training of suppliers on topics related to supply chain control system and ProTerra applicable requirements.

APPENDIX 1 –RISK APPROACH FOR INDUSTRIAL PROCESSING (LEVEL III)

1. Qualitative Risk Approach

GMO risk of the core ingredients

ProTerra European Interpretation GMO risk approach is based on the countries where the core ingredient is being sourced from. This takes in account the approval or not of plating material within the different European Country, risk of contamination of fields by crosspollination or contamination by wind transport, for example. ProTerra takes in consideration the risk criteria established in the *Richtlinie zur Definition der "Gentechnikfreien Produktion" von Lebensmitteln und deren Kennzeichnung* (Guideline on the Definition of "GMO-Free Production" of Food and its Labelling) published in the Austrian Codex Alimentarius, IV edition (published with decree reference BMGFJ-75210/0014-IV/B/7/2007 from 6 December 2007, as amended on 9 September 2010).

Core ingredients are therefore assigned a production area risk level based on their geographical location (risk of origin)[1] and associated GMO risk. Classification is as follows:

- **No Risk (NR)** EU countries: national bans on the cultivation of all GM crops approved for cultivation in the EU, non-EU countries: no GM varieties approved for cultivation: AUT, BEL, BIH, CHE, CYP, DEU, DNK, EST, FIN, FRA, GBR, GRC, HRV, HUN, IRL, ITA, LTU, LUX, LVA, MLT, NLD, NOR, POL, SRB, SVN, SWE;
- Low **Risk (LR):** risk is related to geographical origin: RUS (Nenetsia, Komi-Permyak, Sverdlovsk, Chelyabinsk, Orengburg), TUR (European part);
- **Medium Risk (MR)**: risk of GM contamination with other crops; concerns countries where the cultivation of GM crops is not prohibited and contamination of the target crop may therefore occur: BGR, CZE, ESP, PRT, ROU, SVK;
- **High Risk (HR):** risk of contamination with GM crop as these are cultivated in this country or were cultivated there up until two years ago, or because the situation is unclear: BLR, MDA, UKR.

For countries outside Europe core ingredients are considered High Risk. If risk is non-existent this is non-applicable.

[1] Albania (ALB), Austria (AUT), Belarus (BLR), Belgium (BEL), Bosnia and Herzegovina (BIH), Bulgaria (BGR), Croatia (HRV), Cyprus (CYP), Czech Republic (CZE), Denmark (DNK), Estonia (EST), Finland (FIN), France (FRA), Germany (DEU), Greece (GRC), Hungary (HUN), Iceland (ISL), Ireland (IRL), Italy (ITA), Kazakhstan (KAZ) (European part), Latvia (LVA), Lithuania (LTU), Luxembourg (LUX), North Macedonia (MKD), Malta (MLT), Republic of Moldova (MDA), Montenegro (MNE), Netherlands (NLD), Norway (NOR), Poland (POL), Portugal (PRT), Romania (ROU), Russian Federation (RUS) (Nenetsia, Komi-Permyak, Sverdlovsk, Chelyabinsk, Orengburg), Serbia (SRB), Slovakia (SVK), Slovenia (SVN), Spain (ESP), Sweden (SWE), Switzerland (CHE), Turkey (TUR) (European part), Ukraine (UKR), United Kingdom of Great Britain and Northern Ireland (GBR).

Environmental and social risks of the core ingredients:

The environmental and social risks are considered for the core ingredients (see page 5 for a definition) and are therefore assigned based on ingredient geographical location and associated risk of origin.

ProTerra European Interpretation applies the risk approach defined in *amfori BSCI´*s Country Risk Classification most recent publication. The risk classification of countries relies on the Worldwide Governance Indicators - 6 dimensions of governance identified by the World Bank. These determine the level of risks related to governance in sourcing countries. Countries are classified as either **risk countries** or **low-risk countries**.

For details, results please refer to COUNTRY RISK Classification.

Environmental and social risks of production

This relates to the risks associated to the industrial operations itself and is based on the exact same approach described above and based on *amfori BSCI´*s Country Risk Classification most recent publication. Please also refer to Table 3.

2. Applicable ProTerra requirements Under the European interpretation

All current and valid ProTerra documents are fully to be considered as part of the European Interpretation for industrial processing **except** were specifically referred to in this document.

In this way, the valid version of the Proterra Standard with all its principles, criteria, indicators, and definition apply. In a similar way, are applicable the ProTerra Certification Protocol. The Guidelines and Requirements for the Use of the ProTerra Logos and Seals and any other valid documents that are part of the ProTerra certification scheme.

Considering the results of risk evaluation, the following ProTerra Standard requirements are applicable (empty cells indicate that no indicator is applicable):

Table 1 - GMO risk of the core ingredients and applicable ProTerra Standard requirements

Principle/Criterion	*No Risk*	*Low Risk*	*Medium Risk*	*High Risk*
Principle 5 – No use of Genetically Modified Organisms (GMO)	5.1.3	5.1.2 5.1.3	All indicators apply	All indicators apply
Criteria 9.6– Reduction of toxic and polluting materials, pesticides and 9.7 Management of agrochemicals and chemical residues			Indicators 9.6.2. 9.6.3, 9.7.8 and 9.7.9	Indicators 9.6.2. 9.6.3, 9.7.8 and 9.7.9
Principle 10 – Traceability and Chain of Custody	All indicators apply	All indicators apply	All indicators apply	All indicators apply

Table 2 - Environmental and social risks of the core ingredients and of production - applicable ProTerra Standard requirements

Low risk Countries	***Risk Countries***
PRINCIPLE 1: Compliance with law, international conventions and the ProTerra Standard (all indicators applicable to level III) PRINCIPLE 3: Responsible relations with workers and community (all indicators applicable to level III) Criteria 9.6 – Reduction of toxic and polluting materials, pesticides and 9.7 - Management of agrochemicals and chemical residues (all indicators applicable to level III)	PRINCIPLE 1: Compliance with law, international conventions and the ProTerra Standard (all indicators applicable to level III) PRINCIPLE 2: Human Rights and responsible labour policies and practices (all indicators applicable to level III) PRINCIPLE 3: Responsible relations with workers and community (all indicators applicable to level III) PRINCIPLE 4: Biodiversity conservation, effective environmental management and environmental services (all indicators applicable to level III) PRINCIPLE 6: Pollution and waste management (all indicators applicable to level III) PRINCIPLE 7: Water management (all indicators applicable to level III) PRINCIPLE 8: Greenhouse gases and energy management (all indicators applicable to level III) PRINCIPLE 9: Criteria 9.6 – Reduction of toxic and polluting materials, pesticides and 9.7 - Management of agrochemicals and chemical residues (all indicators applicable to level III)

For the audit the CB shall apply the set of Principles, criteria and indicators that apply to **both** the GMO Risk (Table 1) and Environmental and social risks (Table 2), this last one considering separately the risk associated to the core ingredients in terms of inherent GMO and social risks both in the aspect of crop and country where it is sourced from.

Different core ingredients may have a different risk level, and these should be accesses individually.

A “core” ingredient is:

- Critical to the formulation of the product; and/or
- Included in the product name or described on the front of the packaging; or
- An ingredient with a portion of 20% of volume or more.

Therefore, at the processing level, for multi-ingredient products not previously certified under Proterra or equivalent recognized sustainability criteria, benchmarked according to the

ProTerra benchmarking rules, the certification will focus in auditing the control system to monitor the supply chain and its ability to deliver a robust compliance with the applicable Proterra requirements. This includes, in addition to auditing the supplier controls of the certified organization on their supply chain, the verification of some of the core suppliers on site (for sample size definition please refer to item 3.0 below).

The compliance with the applicable ProTerra requirements will be audited at the organization itself. The applicable Proterra requirements at the organization level will the defined based on the geographical location of the organization considering the results of the environmental and social risks analysis as explained in item 1 and 2 above.

For guidance on auditing the control system to monitor the supply chain please refer to tables 3 and 4 of the Guidance.

3. Sampling Plan and Sample size of suppliers

The sampling of core suppliers (sample size definition) will be as per the requirements described below.

Note that core suppliers of level III type organizations (industrial processors) will depend on how the specific supply chain is organized. In terms of ingredients for example, if a company buys directly from farms the farms are the core suppliers, if they buy from other industries (e.g. lecithin) or from traders it is those industries/traders that are considered the core suppliers.

Table 3 –Sampling requirements based on GMO risk

Risk level	**Sampling requirements**
No Risk	Square root of the number of core suppliers divided by 2
Low Risk	Square root of the number of core suppliers
Medium Risk	Square root of the number of core suppliers + 30% of the value of the square root
High Risk	Square root of the number of core suppliers + 40% of the value of the square root

Table 4 – Sampling requirements based on environmental and social risk

Environmental and social Risk level	**Additional requirements**
Low risk Counties	Square root of the number of core suppliers
Risk Countries	Square root of the number of core suppliers + 40% of the value of the square root

The final sample size will the value derived of the highest percentage that resulted from the comparison of the sample size based on GMO risk and the sample size for the environmental and social risk.

Numbers are always to be rounded upwards.

The suppliers to be visited (verified *in loco* by the Certification Body as part of the organization certification process) should be selected based the concept **of core supplier of services or ingredients** as follows:

- Core service provider is a provider of essential services to the production system, such as outsourcing of labour
- A supplier of a core input (or core ingredient) is that supplier that provides core ingredients added as part of the formulation of the final product to be ProTerra certified.

Please also refer to the most recent version of Guidelines and Requirements for the Use of the ProTerra Logos and Seals available at ProTerra Foundation homepage.

APPENDIX 2 –FLOWCHART - GUIDANCE FOR INDUSTRIAL PROCESSING (LEVEL III)