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|  | <b>Habib Sugar Mills Limited</b><br>Nawabshah - Pakistan | Document #  | PLY-EU Red-ChoC-0001 |
|   |  | Revision #  | 00                   |
|   | <b>Bonsucro EU Red</b><br><b>Chain Of Custody Policy</b> | Effective   | 10-04-2024           |
|   |  | Retention   | 5 Years              |
|   |  | Circulation | 3                    |
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## Purpose

HSML is committed to implementing a transparent, accountable, and sustainable Chain of Custody (CoC) system for sugarcane, sugar, molasses, and ethanol. We prioritize traceability and accurate application of the **Mass Balance System (MBS)** to maintain sustainability claims. This policy is designed to meet the requirements of the Bonsucro EU RED Chain of Custody Standard, engaging personnel, suppliers, clients, and stakeholders in ethical and sustainable practices.

## Scope

This policy applies to all operations at HSML, including:


1. **Procurement** of sugarcane from certified and non-certified suppliers.
2. **Processing** of sugar, molasses, and ethanol, ensuring compliance with Bonsucro EU RED and mass balance principles.
3. **Distribution** of certified and non-certified products while maintaining traceability.
4. **Collaboration** with personnel, suppliers, clients, and stakeholders to uphold sustainability and EU RED compliance standards.

## Objectives

- Ensure compliance with Bonsucro EU RED Chain of Custody Standard and EU Renewable Energy Directive (RED).
- Maintain accurate mass balance calculations to reconcile certified input and output volumes.
- Enhance traceability throughout the supply chain to ensure sustainability claims are verified.
- Demonstrate GHG emissions reductions as required by EU RED guidelines.
- Foster stakeholder collaboration and maintain transparency and integrity in certification claims.

## Overall Management Responsibility (EU 5.1)

To meet the Bonsucro EU RED Standard, the management at HSML assumes full responsibility for implementing, monitoring, and maintaining an effective Chain of Custody system.

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## 1. Leadership Commitment

The **Economic Operator (Mr. Israr Jafferi)** is responsible for overseeing the CoC system and ensuring:

- Resources, training, and tools are available to all personnel involved in the CoC system.
- CoC procedures align with Bonsucro EU RED standards and EU RED requirements for sustainability and GHG reductions.
- Continuous improvement in operations and compliance through periodic reviews and updates.

## 2. Management Responsibilities

The management team is accountable for:

- Regularly reviewing the effectiveness of the CoC system and mass balance reconciliations.
- Ensuring compliance with Bonsucro EU RED principles, including accurate GHG data reporting.
- Engaging with personnel, suppliers, and clients to maintain alignment with sustainability objectives.

## 3. Compliance with Legal and Sustainability Criteria


HSML complies with all EU RED requirements, including:

- Adherence to sustainability criteria for certified biofuels.
- Accurate GHG emissions calculations and reporting.
- Documentation to demonstrate compliance during audits.

## Roles and Responsibilities of Stakeholders

### 1. Personnel

- Implement and adhere to CoC practices, including mass balance tracking and accurate documentation.
- Participate in Bonsucro EU RED training programs to understand sustainability, traceability, and GHG requirements.

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## 2. Suppliers

- Provide certified materials (sugarcane, sugar, molasses) with proper documentation for mass balance reconciliation.
- Support audits and assessments to verify compliance with Bonsucro EU RED standards.

## 3. Clients

- Specify certification requirements for Bonsucro EU RED-compliant products.
- Ensure responsible use and accurate communication of certified materials.

## 4. Other Stakeholders

- **Logistics Providers:** Ensure secure transport with appropriate documentation for certified and non-certified materials.
- **Certification Bodies:** Conduct third-party audits to ensure compliance with Bonsucro EU RED standards.
- **Regulators:** Verify HSML's adherence to EU RED regulations.

## Chain of Custody Requirements

### 1. Material Identification and Documentation


- All materials (sugarcane, sugar, molasses, ethanol) must be documented with unique identifiers (batch numbers).
- Certified materials must be recorded separately from non-certified materials to facilitate accurate mass balance calculations.

### 2. Traceability and Mass Balance

- Implement a traceability system compliant with EU RED requirements to monitor material flow.
- Adopt and maintain a **Mass Balance System (MBS)** that reconciles certified inputs and outputs over defined periods.
- Conduct regular reconciliations to ensure alignment with certification claims and sustainability objectives.

### 3. GHG Emissions Calculations

- Perform GHG calculations for certified products in accordance with EU RED guidelines.
- Document and report emissions reductions during audits.

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#### 4. Auditing and Continuous Improvement

- Facilitate both internal and external audits to evaluate compliance with Bonsucro EU RED standards.
- Address non-conformities with corrective actions and integrate findings into improvement plans.

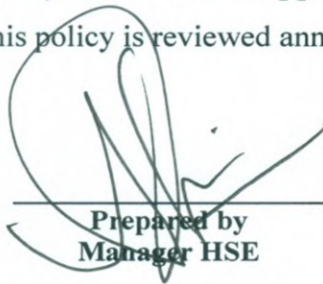
#### Transparent Commitment

HSML is dedicated to:

- Maintaining transparency in mass balance systems and certification claims.
- Demonstrating leadership in sustainable practices and GHG reductions.
- Collaborating with stakeholders to promote shared accountability and continuous improvement.

#### Policy Review and Approval

This policy is reviewed annually and updated to reflect changes in Bonsucro ChoC Standard.

  
 Prepared by  
 Manager HSE

  
 Reviewed by  
 Director Production  
 (M.R & BSTL)

  
 Approved by  
 Resident Director

#### Revision Index

| Reviewed by |                                  |                   | Review Date | Remarks | Next Review Date |
|-------------|----------------------------------|-------------------|-------------|---------|------------------|
| Manager HSE | Director Production (M.R & BSTL) | Resident Director |             |         |                  |
|             |                                  |                   |             |         |                  |
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