

Supplier's Policy

At FARMRIO, it is only possible to act ethically, responsibly, sustainably in our supply chain, throughout a long term relationship based on transparency. That is why we are working to turn into reality the best practices on the market.

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Suppliers

- › We are members of the Brazilian Association of Textile Retail (ABVTEX) and we encourage our contracted suppliers to get the ABVTEX Certification.
- › We improve our methodologies and requirements for auditing supplier. All the audits are non-announced. In spite of the challenges of auditing a supply chain - which is located all over the country - we developed an audit process that happens as follows:

Production

Monthly - non-announced - We visit our suppliers and certain criteria are asked to verify the regularity of aspects linked to production, such as deadline and quantity issues.

The results of these audits generate follow-up reports, and the non-conformities found in the audits are dealt with on a case-by-case basis by the compliance sector and, together with the suppliers, we define an action plan with a deadline to regularize the issue.

Social

Our social audits also are non-announced, every four months maximum in each supplier. At this moment, we evaluate the supplier's building structure, certifications, and all the contractual documents required by law.

The results help us to maintain the legal conditions of how the contracted production is done and anticipate potential risks. Some non-compliances, depending on the severity, may lead to contract termination for breach of obligation or the requirement for regularization in order to maintain the contract.

Our payment policy has a standard payment term of 90 days for apparel, 120 days for suppliers of finished products and raw materials, with an additional 30 days for the largest suppliers, totaling 120 and 150 days respectively.

Process for inclusion of new suppliers:



In order to guarantee the ethical behaviour of both parties, we established a reporting channel that might be used by third party suppliers, Grupo Soma employees, partners and trade representatives:

› (<https://www.contatoseguro.com.br/gruposoma>) or by phone (0800 601 8662).

The communication and denunciation might be reported anonymously and the channel is managed by an independent company.