# Sourceups

# A NEW SOLUTION FOR SUPPLY CHAIN SUSTAINABILITY& LANDSCAPES INITIATIVES

SourceUp | May 2021

# INTRODUCING A NEW SUSTAINABLE MARKET MECHANISM FOR LANDSCAPE INITIATIVES

SourceUp helps companies to source large volumes of commodities in line with their sustainability commitments at a competitive scale and price. Through SourceUp, entire production areas can be connected to global markets, across commodities and products.

In these areas, multi-stakeholder coalitions or landscape initiatives drive sustainable development. Through SourceUp they receive direct support and incentives from global markets for doing so.



SOURCEUP'S FOCUS ON LOCAL OWNERSHIP AND THE SUPPORT OF Companies gives promise for success. Through Sourceup, Companies can work in Parallel, so you can start to develop the Critical mass that is required.



**Reuben Blackie**,

MANAGER OF SUSTAINABLE AGRICULTURE (APAC AND AMESA), PEPSICO

# SourceUp®

## WHAT IS Sourceup?

**SourceUp** is a new platform for companies and coalitions in producing regions to work together on sustainable agri-commodity sourcing. SourceUp is to be the go-to place for buyers of agriculture and forestry commodities and products wanting to engage in landscape-level sustainability efforts.

Any landscape initiative can use SourceUp to promote themselves, and can choose to register as a Compact to unlock more support.

SourceUp aims to increase the engagement of these buyers with Compacts, so that areas that perform better in terms of sustainability are rewarded in terms of preferential sourcing, funding and technical assistance. By doing so, SourceUp also improves supply chain transparency.

### PLATFORM

The SourceUp platform connects Committed Buyers to coalitions of stakeholders in sourcing areas, involved in landscape initiatives

### **COMMITTED BUYERS**

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Committed buyers can support established compacts or initiate new ones on their key sourcing regions. They can also monitor progress on relevant indicators or search for projects relevant to their sourcing strategy and sustainability priorities.

### COMPACT

Compacts are coalitions of local stakeholders (private sector, farmers, smallholders, cooperatives, CSOs, Local Governments) engaged in a landscape initiative. These coalitions report their sustainability targets and show their progress to a global audience.

### A NEW SOLUTION FOR SUSTAINABLE AGRICULTURAL PRODUCTION IS NEEDED

Regular supply chain sustainability efforts, such as certification schemes, are making progress towards a better future. At the same time, they struggle to reach critical mass and often do not have public-private partnership tools available to reach their goals more efficiently. Without critical mass, the world is failing to turn the tide on issues of global concern such as deforestation, poor labour conditions and other human rights. SourceUp is a new market mechanism that addresses these issues and allows sourcing from, and engaging with, sustainable landscapes.



## **INTRODUCING SOURCEUP**

SourceUp aligns the sustainability commitments of global companies demanding large volumes of sustainable commodities at scale, with the priorities of local communities in sourcing regions. SourceUp verifies the sustainability of an entire jurisdiction (e.g., municipality or district and later province and state), ensuring individual efforts are aligned and additional in improving the lives and the environment in sourcing regions, while decreasing related risks. This way, companies can work with local producers, governments and civil society in a structured way and demonstrate the impact that and progress towards the Sustainable Development Goals and a Forest Positive future. The structured collaboration that SourceUp proposes can help companies to address human risks issues in an inclusive and efficient manner.

## HOW DOES IT WORK?

In the producing region, a sustainability improvement deal is made between private, public and civil society stakeholders at jurisdictional level, e.g. a municipality, district or province (the Compact). The Compact details priority sustainability topics, targets, and responsibilities, seeking to make best use of the strengths of each of the partners involved. The Compact has a mandatory core: the SourceUp Impact Themes, which in current draft covers four key themes of global concern: forest and peat protection, labour, land tenure and livelihoods.

On SourceUp, any buyer, trader or interested party will be able to easily assess the producing region's status and progress on key sustainability targets and see who is already supporting the Compact. This way, committed end-buyers can get a better understanding of the products in their supply chain and improve sustainability with direct support for the producing region. The Compacts that achieve certain conditions will be granted a **Verified Sourcing Areas** status.

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# WHAT IS A LANDSCAPE APPROACH

Landscape, or Jurisdictional approaches, are key to achieving an inclusive and sustainable development in sourcing regions, reconciling global commitments with local priorities and ensuring local and global stakeholders are working towards the same goals.



## LANDSCAPE APPROACH

An integrated strategy that aims to bring together multiple stakeholders to address complex environmental, economic, social and political challenges that typically go beyond the boundary of a single farm or production unit.





In Aceh Tamiang, Indonesia, for instance, large and smaller producers come together with government and civil society. They jointly develop an implement a plan to ensure that they can sustainably produce palm oil and other products, while protecting one of the world's most important natural habitats: the Leuser ecosystem.

These local collaborations need the support of partners to grow; particularly the support from companies buying the local products.

The companies need easier ways to engage with and support local collaborations in their key sourcing regions. They also need to show their customers and investors that they are delivering on their responsibilities on improving supply chain sustainability. Companies are also responding to increasing demand for more ethical products, but struggle to meet this demand through sourcing at scale.



# **SOURCEUP PLATFORM**

The SourceUp platform is the place where the interaction between buyers and Compacts happens. Within the platform, Compacts introduce themselves by describing the jurisdiction, commodities produced, and which partners are part of the local initiative. Moreover, they report any sustainability progress made in their jurisdiction as well as current projects. All what is reported through the platform is validated at minimum by local stakeholders<sup>1</sup>.

Committed buyers can access to the platform to assess relevant sustainability information in relevant sourcing regions. Companies will be able to assess progress, support initiatives in strategic regions, or find potential partners that share an interest to initiate a Compact.



# COMPACTS

A **Compact** is a local multi-stakeholder coalition that addresses sustainability challenges within a jurisdiction in a coordinated, timebound, and resource-committed manner. The main **stakeholders** are the local government, local civil society organisations, producer groups/cooperatives, and traders.

Any stakeholder can initiate a Compact and convene stakeholders to jointly develop and govern its implementation. For this, **minimum requirements** are set out in the SourceUp Policy. S

# **ESTABLISHING A COMPACT**

As part defining its vision, it is a SourceUp requirement that stakeholders in Compacts commit to respecting human rights according to international frameworks and agreements such as the UN Guiding Principles on Business and Human Rights.

To start reporting through SourceUp, a compact only needs to complete a form with basic information on the sourcing area. Then, Compacts will be able to report details on the following areas:

- **Indicators.** Compacts will need to report on core indicators and will be able to report on local indicators.
- Projects. Compacts will be able to list sustainability projects
  in order to search for funding or simply to show progress.

Impact stories. Stories are an important way to communicate what is happening on the ground. Compacts will be able to report stories to the broader SourceUp community.

**Governance.** A list of partners and the governance structure that will show the compact's transparent and inclusive decision making process.

Once Compacts have fullfiled certain criteria described on the SourceUp policy, it will reach a Verified Sourcing Area status.



## IT MAKES ALL THE DIFFERENCE TO HAVE THIS INVOLVEMENT WITH THE FIELD, TO REALLY UNDERSTAND THE COMPLEXITY OF THE PRODUCTION CHAIN UNTIL IT REACHES THE TOP.



Lucio Vicente,

HEAD OF SUSTAINABILITY AT GRUPO CARREFOUR BRASIL

# **PROGRESS LEVELS**

SourceUp defines three progress levels that local coalitions can achieve based on a set of criteria.

To become a Verified Sourcing Area, the coalition needs to fulfil a set of minimum requirements on each of the criteria. Full details on the requirements are described in the SourceUp Policy.

		I BASIC SOURCING AREA	Paraticitation and a second seco	A verified sourcing area
	Stakeholder Particpation	$\circ \bullet \bullet$	•••	000
	Commitment	0●●	•••	000
	Priority Analysis		• •	• •
	Reporting		••	0 0
	Progress on core indicators		••	• •
	Compact Outreach			0
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○●● Basic ○○● Advanced ○○○ Verified

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PHASE	REGISTRATION	BASIC SOURCING AREA	ADVANCED SOURCING AREA		VERIFIED SOURCING AREA			
ASPECT			REQUIREMENT	VERIFICATION	REQUIREMENT	VERIFICATION		
<b>THP</b> Stakeholder participation	Compact Initiator	Compact Initiator	Compact Initiator, government representative and producers (private sector)		All relevant stakeholders present in the Compact decision-making. As a minimum, Government, Local producers, Civil Society			
Commitment	-	Active stakeholders have account registered on SourceUp and digital commitment of intent to join the Compact made	Basic commitment on promoting fundamental human rights, reducing pressure on forest loss and degradation		Commitment that addresses fundamental Human Rights and all SourceUp Impact Themes			
Governance	-	-	Compact Secretariat established		Compact Secretariat established and all governance structures and processes to fulfil the principles of this policy defined. Yearly report on decisions and grievances			
Priority Analysis and progress report	-	-	Basic Priority Analysis		Full priority analysis	5		
Reporting Completeness	-	-	Year O - Forests & Natural ecosystems indicator Year 3 - Forests & Natural ecosystems indicator		Year O - Forests & Natural ecosystems indicator; Livelihoods or labour indicator Year 3 - All core indicators	5		
Progress	-	-	No loss of natural ecosystems of more than 10%, compared to the last year reported		No regression by more than 5% in any of the core indicators, compared to the last year reported Improvement in at least 1 indicator after 3 years on the baseline year	5		
Societ contreach	-	-	-		Provide information about the Compact to non- member stakeholders and affected populations in the Jurisdiction(s)			
VISIBILITY ON THE PLATFORM								
Brief profile visible Eully visible Fully visible Accal verification Regional verification S Global verification								

### Can any existing multistakeholder initiative report through SourceUp, without aiming to become a Verified Sourcing Area?

Yes. Any multi-stakeholder initiative working at the landscape level can use SourceUp, become visible and look for support from the SourceUp community of buyers and other organisations.

To access the full benefits of the SourceUp model, the initiative can do a selfassessment through the platform and analyse in which SourceUp progress level it would be with the available information.



# SOURCEUP IMPACT THEMES AND INDICATORS

SourceUp has selected a shortlist of indicators that are relevant for a broad range of stakeholders. In addition to these, Compacts can define their own local indicators. This ensures that initiatives using different frameworks can report through SourceUp.

# **IMPACT THEMES**

All Compacts on the SourceUp platform must articulate their sustainability vision and goals around **4 global impact themes**.

1. Forests and natural ecosystems

- 2. Livelihoods
- 3. Labour

4. Land tenure

These have been identified based on sustainability commitments by commodity sourcing companies globally. Besides these, the Compact also sets goals related to **local impact themes** unique to their jurisdiction.

The local coalition reports with an established frequency on its progress on SourceUp. Reporting and verification ensure transparency and enable Buyers to be informed about the process in Compacts they support or could potentially support.









## INDICATORS FOR MEASURING PROGRESS

SourceUp has defined a list of core indicators\* all compacts will need to report against in order to become a Verified Sourcing Area.

Compacts will be able to define local indicators to report on key issues for the local context.

### **IMPACT THEME**



**Forests and natural** ecosystems



Livelihoods



- **CORE INDICATOR**
- Conversion of natural ecosystems to other land uses, disaggregated by land cover type including restoration.
- Proportion of agricultural area under Good Agricultural Practices, including under certified sustainability standards.





• Proportion of children (aged 4-15) not in education, employment, or training

• Yearly net agricultural household income increased compared to national poverty line, and national living income benchmark when available.



- Average hourly/weekly/monthly remuneration of agricultural employees disaggregated by gender, compared to national minimum wage, and regional living wage benchmark when available.
- # or % of workers affiliated to unions or relevant workers' representation bodies



Labor

Land tenure







- Proportion of total adult population with secure tenure rights to land, with legally recognized documentation, disaggregated by gender.
  - Percentage of landscape with formalized land tenure right that has clearly defined boundaries shown in publicly accessible maps.
  - Number of new or continuing unresolved land or resource conflicts or grievances including those related to large scale land acquisitions

## REPORTING FREQUENCY

Local coalitions need to describe who is responsible for which data collection and monitoring, as well as which data sources they are using – which will need to follow quality criteria assessed during the SourceUp panel review.

Compacts are able to define their own local indicators based on a priority analysis process that needs to be inclusive of stakeholders. The Compact Manual contains guidance to perform this priority analysis. Having selected its local indicators and decided on its data collection and monitoring system, local coalitions need to provide a baseline (status) for all the indicators (core as well as local)<sup>\*\*</sup>.

**REPORTING FREQUENCY IMPACT THEME INDICATOR** 2. Advanced Sourcing Area 3. Verified Sourcing Area Conversion of natural ecosystems to other land 1.1 uses, disaggregated by land cover type including Yearly Yearly restoration **Forests and natural** Proportion of agricultural area under Good 1.2 3 year ecosystems Agricultural Practices or sustainable certifications. 2.1 Proportion of children (aged 4 - 15) in education 3 year Yearly (agricultural) net household income increase Livelihoods 2.2 compared to national poverty line, and national living 3 year income benchmark when available Average hourly/weekly/monthly remuneration of agricultural employees, compared to national 3.1 3 year minimum wage, and regional living wage benchmark when available Labour # or % of affiliated to unions or relevant workers' 3.2 3 year representation bodies Proportion of total adult population with secure 4.1 tenure rights to land, with legally recognized 3 year documentation Percentage of landscape with formalized land tenure right that has clearly defined boundaries shown in 4.2 3 year publicly accessible maps Land Tenure Number of new or continuing unresolved land or 4.3 resource conflicts or grievances including those Yearly related to large scale land acquisitions

\*\* Subject to change. Indicator baseline requirements will be further developed and determined in SourceUp policy.

# SOURGEUP MONITORING & VERIFICATION APPROACH

**Part of an ongoing further development.** The approach described here will be tested within existing Compacts and updated based on results obtained.

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The data and information shared on SourceUp will be used by stakeholders to make strategic decisions dialogue on critical sustainability issues. This data is foundational to Compacts' efforts to retain and attract stakeholders.

All information reported through the platform shall be approved by all Compact partners in an open process. On a quarterly basis, Regional SourceUp panels will carry out a review process of the new information and evidence being reported through the platform. On a yearly basis Compact Global Panel will hold a review and verification process of the most recent information reported during the previous natural year.



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# **THE SELF-REVIEW EXPLAINED**

The self-review is a yearly meeting where local stakeholders come together to discuss progress on the targets and indicators. The objective is to **review** progress and provide clarifications in case there is no or limited progress on a target, **discuss** and agree if there are issues that need to be addressed and/or targets to be adjusted, and to **confirm** data on indicators that is to be reported through the SourceUp platform. The Compact stakeholders can confirm that they have reviewed the data through e-signatures on SourceUp.

The total packages of data and meeting minutes are stored on SourceUp, for review by the SourceUp panel, further explained below.

# THE PANEL REVIEW EXPLAINED

The annual Panel Review will **verify progress** through documents submitted prior to the meeting, and a workshop where Compact stakeholders present their data on KPIs and processes to the Panel, and discuss progress, challenges, and learnings.



### OBJECTIVE

The Panel is a small group of sustainability experts who review progress reported by Compacts. They verify what evidence is provided and assess the credibility of the data being reported.

### COMPOSITION

The Panel consists of five to eight people with the following composition: at least two external experts from NGOs and one from a Committed Buyer, one representative from SourceUp and one representative from another Compact that is assigned by SourceUp.



The Panel Review process will start with verification of documents and reports shared by the Compact. The panel review is conducted annually and the results of the panel review will be made available on SourceUp.

# VALUE PROPOSITION

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## FOR TRADERS, BRANDS AND RETAILERS













Leverage sustainability and social commitments at scale, beyond certified or niche product ranges. Find, or start, landscape initiatives and projects in key sourcing regions. 3.

Access reliable, comparable, and verifiable data that can be aggregated for corporate sustainability reporting Get content for B2B or B2C communication of impact stories directly from the ground.

# 5.

Enhanced your human rights due diligence processes by including local stakeholders and peers sourcing from the same area.

### HOW TO GET INVOLVED

If you want to know more or get involved, please contact us at:

info@sourceup.org

# FOR LOCAL STAKEHOLDERS AND COMPACTS













Have the region visible to the SourceUp community of international traders, brands, retailers and other organizations. Increase the reputation and branding of the region in terms of sustainability and ethical values.

Mobilize financial support for sustainability projects at the landscape level.



Cooperate with international companies and organizations to define the sustainability strategy.



Plan a clear road map for your landscape initiative with tangible benefits and support along the way.

### HOW TO GET INVOLVED

If you want to have your region reporting in SourceUp, as a first step you only need to email us at **info@sourceup.org**. If you want to know more, please contact us to the same email address.

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#### What is SourceUp?

SourceUp is a platform for collaboration in supply chain sustainability, at the landscape level. It connects buyers of commodities with coalitions of stakeholders in regions producing these commodities, to jointly improve sustainability along the supply chain.

#### For what products and commodities can I use SourceUp?

SourceUp can be used for sourcing any kind of product or commodity that is produced by a Compact. For now, these include major agricultural and forestry products such as palm oil, soy, tropical timber, beef and coffee. You can search for your product of interest through the search function. New products will be added in the future. If you are looking to source any commodity not yet on SourceUp, please let us know.

#### Who is behind SourceUp?

SourceUp is a collaboration of various partners involved in supply chain sustainability and landscape initiatives, and it is powered by IDH, the Sustainable Trade Initiative. See <u>SourceUp</u> <u>Partners</u> for more information.

#### Can I get access to the Beta release of SourceUp?

We are currently testing the SourceUp platform with stakeholders who are already involved in a Compact, or who are helping to build the SourceUp platform globally. If you are interested in gaining early access and becoming a partner, please contact us at **info@sourceup.org**. We will let you know when you can access.

#### How does SourceUp relate to certification?

SourceUp is a platform for credible local action on sustainability, at the landscape level. It helps to address issues that cannot be addressed at the individual farm or producer level only, and is therefore complementary to certification. At SourceUp, we believe that the platform will also help to make certification and other forms of supplier assurance and engagement more focused, localized and efficient.

#### Can I actually buy a product or commodity on SourceUp?

SourceUp helps Buyers to find regions where products and commodities originate. The SourceUp platform does at the moment not facilitate the actual buying-selling transactions and logistics. But by connecting to a Compact, you will be able to access information about key producers within that area.

### I am using another landscape framework or approach; Can I still report through the SourceUp?

Yes, multi-stakeholder initiatives using other frameworks can report through SourceUp. However, only those following the SourceUp policy will be able to achieve a Verified Sourcing Area status.

### COMPACTS AND VERIFIED SOURCING AREAS

#### What is a Compact?

A Compact is a local multi-stakeholder coalition in a sourcing region with an agreement to address sustainability challenges in a coordinated, timebound, and resource-committed manner within a jurisdiction. The main stakeholders are the local government, local civil society organisations, producer groups/cooperatives, and traders.

#### Who can develop a Compact?

Anyone who has a presence in the region can initiate a Compact. The first step is to convene stakeholders to jointly develop and govern the implementation of a Compact. You can find detailed guidance and requirements to develop a Compact in the SourceUp Compact Manual. Once the Compact has been approved by SourceUp, the Compact is listed as "under implementation" on the platform.

#### What is a Verified Sourcing Area, and what is the difference with a Compact?

A Verified Sourcing Area is a Compact that has started reporting on all required indicators and processes described in the SourceUp policy; and that has received a positive review from the Global Panel that the information that is being reported, is credible. The SourceUp partners are currently testing and defining a few further criteria that need to be met, to be able to achieve the status of Verified Sourcing Area. These are expected to be published in the first half of 2021.

#### Are all the products coming from a Verified Sourcing Area, sustainable for sure?

No, the Verified Sourcing Area status of a Compact does not mean that all products coming from that area are sustainable for sure. But it does mean that there is a high degree of certainty that conditions are or will be improving. This may take some time, especially in areas where the challenges are greater. SourceUp wants to help companies to source from those areas too, while making sure that sustainability is improving.

### **COMMITTED BUYERS**

#### How can I become a Committed Buyer?

You can become a Committed Buyer if your company is buying products from an area where there is a Compact, or you know that one of your suppliers is buying from that area. The current SourceUp beta is limited to companies who are already supporting a Compact. You can sign up to register your interest to support a Compact by sending an email to **info@sourceUp.org**.

#### What are the advantages of becoming a Committed Buyer?

SourceUp offers many benefits to Committed Buyers. As a Committed Buyer, you will get a dashboard where you can monitor sustainability progress and action in your supply chain. You will receive updates from the Compacts and Verified Sourcing Areas that you are supporting. You are also able to showcase to your stakeholders, where you are sourcing from and what support you are putting in.

### What are the engagement modes Anchor Partner, Sourcing Partner and Supporter?

Engagement Modes are a way to show how a Committed Buyer is supporting a Compact. A Buyer makes commitments of funding, in-kind resources, and sourcing to a specific Compact depending on the role it wants to play, the scale of impact it wants to achieve, and the availability of resources. The nature of commitment to a specific Compact may depend on whether the Buyer knows the exact sourcing area, have a local presence in the sourcing area, and the area's strategic importance to their business.

#### What does it cost to become a Committed Buyer?

The SourceUp Beta is reserved for companies who are already engaged supporting Compacts with preferential sourcing, financing of projects and technical assistance. The costs of becoming a Committed Buyer therefore depend on the support that is being provided to a Compact. Further details will be provided in Q2 2021.

#### How is SourceUp organized?

SourceUp will be registered as a Foundation under Dutch law, with a governance model that will allow the participation of relevant stakeholders in the development and subsequent updates of core processes and requirements, including those contained in the SourceUp Policy. Additional legal entities may be established in the future to accommodate the desired functions of SourceUp, including the ability to render services to companies.

#### How is SourceUp funded?

The development of SourceUp is currently being funded through IDH, the Sustainable Trade Initiative, by various public donors - see **SourceUp Partners**. The development of Compacts and Projects is funded by various public donors and Committed Buyers, as listed on the pages of each Compact and Project.

### **EXPERT FAQs**

#### What is the relationship between SourceUp and Verified Sourcing Areas?

SourceUp is the name of the initiative. Verified Sourcing Areas is a term given to those Compacts that meet a set of requirements described in the SourceUp policy. The name Verified Sourcing Areas was previously also used to describe the entire initiative.

#### Is SourceUp or Verified Sourcing Areas a standard?

No. SourceUp is a platform bringing together existing and new landscape and jurisdictional initiatives. SourceUp does set a number of requirements to be able to use and report on the platform, to ensure consistency. These include requirements to achieve the status of Verified Sourcing Area.

### LANDSCAPE AND JURISDICTIONAL APPROACHES

#### How does SourceUp relate to landscape and jurisdictional approaches?

Compacts are in fact jurisdictional or landscape initiatives. SourceUp uses Compacts to ensure that these initiatives have a common core. SourceUp enables any Compact initiator who may have their own jurisdictional or landscape program to display their jurisdictional initiative with their own identity, as long as they fulfill certain requirements for Compacts.

### SUPPLY CHAIN TRACEABILITY AND TRANSPARENCY

#### Does SourceUp offer traceability, and does it require a chain of custody?

SourceUp brings together different tactics that jointly improve transparency. First and foremost, this is done by connecting Buyers directly with local sustainability coalitions or Compacts, and making this visible on the SourceUp platform. A Committed Buyer who wants to demonstrate that commodities are indeed sourced from that area or from a particular producer within that area, will be able to do so by connecting the (chain of custody) evidence gained from their traceability service provider, to the SourceUp platform. In return, that Committed Buyer will be able to make stronger claims. Committed Buyers who do not currently have traceability services yet, will be able to use SourceUp to find a traceability service provider.

### If SourceUp doesn't require end-to-end traceability, how do you know if a Committed Buyer is really sourcing from a Compact?

Committed Buyers have an intrinsic interest to ensure that they in fact have a supply chain connection to those Compacts they support. Depending on the commodity and geography, the nature of that connection may vary and may include an element of probability - just like mass balance systems do. SourceUp will also bring together different data sources, triangulating evidence from Committed Buyers' traceability systems (if they have them) and other data sources such as **Trase**.

### **CANNOT FIND YOUR ANSWER?**

Contact us at: info@sourceup.org





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