

# Sustainable Sourcing Policy for Coconut Oil

## Introduction

Coconut is a plant of the humid Tropics with multiple uses, it has a long life span and is not very demanding in inputs. We use coconut oil for chocolate compounds and ice cream coatings. Most of the coconut oil consumed worldwide comes from coconuts grown by smallholder farmers in small family farms ranging from 0.5 to 4 ha. Barry Callebaut is concerned about the social issues associated with coconut oil production in some regions, such as low farm gate prices and poverty of coconut farming communities but also low yields and productivity as coconut trees age and replanting efforts are insufficient globally. Global demand for coconut products is soaring at 10%, yet Asia Pacific regional production is growing at only 2%. (FAO 2013). This policy lays out principles we believe are important to follow so as to make the coconut oil supply chain more sustainable. We require from our suppliers to work towards implementing the principles stated below with the aim to improve farmer's livelihoods.

## Scope

This Policy applies to all products based on or containing coconut oil in our supply chain.

## Sustainable Coconut Principles

The Barry Callebaut Supplier Code lays out our minimum requirements and expectations towards all our Suppliers. This document must be signed by all suppliers. Adding on to or specifying the requirements from the Supplier Code, below we highlight some of the main principles which in our view are the foundation to creating a more sustainable coconut oil sector:

- Trade with concern for the social, economic and environmental well-being of marginalized small producers, ensuring good governance among stakeholders and supporting practices that improve productivity and quality. Have a traceable supply chain to farmer in order to increase

transparency and identify sustainability issues in the farming communities.

- Support farmers, farmer groups/aggregators (one or the other) and processors on preserving natural ecosystems, soils and biodiversity to mitigate climate change impacts.
- Protect fundamental human and workers rights within the supply chain, from coconut farms to oil refineries, and promote safety.

## **Commitment**

In order to meet our commitment of 100% certified or verified ingredients in all of our products and traceable to farm level by 2030, we require all suppliers to work with their supply chains towards the stated principles and to regularly show significant progress. We are currently working with our supply chains and industry partners to further elaborate our sustainability monitoring approach. We acknowledge that many suppliers already work on these principles and are therefore open to benchmarking company programs against our expectations.