



## 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 small holder farmers in small family farms ranging from 0.5 to 4 ha.

Barry Callebaut is concerned about the social issues associated to 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 Oil Principles

The Barry Callebaut Supplier Code lays out our minimum requirements and expectations towards all our 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:

- Trading with concern for the social, economic and environmental well-being of marginalised small producers ensuring a transparent price setting with farmers and cooperatives.
- Having a traceable supply chain from the mill to the farm level thus building a capacity to identify and resolve social issues in the farming communities.
- Providing training on agronomic knowledge and good agricultural practices to improve productivity, safety and quality.
- Enabling farmers to further engage in value creating activities which will improve income e.g through intercropping and utilization of coconut by-products.

### Commitment

In order to meet our commitment of 100% sustainable ingredients by 2025, 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.