



## Sustainable Sourcing Policy for Palm Oil

### Introduction

Palm oil is a versatile and land-use efficient vegetable oil, which is present in many food and non-food products. It is an important crop for the livelihoods of millions of families and a key pillar in many economies. We are concerned about detrimental environmental and social effects of palm oil production, such as contribution to climate change, destruction of habitats or violations of the rights of indigenous people and local communities.

### Scope

This Policy applies to all suppliers of palm oil, palm kernel oil and their derivatives and blends in our supply chain.

### Sustainable Palm 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 palm oil sector:

- Only buying from legal sources.
- Stopping native vegetation clearance for palm oil production and the degradation of ecologically sensitive areas (e.g. peatland), as defined through the application of the High Conservation Value (HCV) and High Carbon Stock (HCS) approach and implementing a no deforestation, no peat, no exploitation (NDPE) policy.
- Protecting rare, threatened and endangered species.
- Driving positive economic and social impact and overall livelihood improvement for people and communities, including smallholder farmers, and protecting land tenure rights of local communities.
- Resolving complaints and conflicts through an open, transparent and consultative process.
- Enhancing transparency and traceability in the supply chain to mill level and working towards achieving transparency to plantation level.

### Commitment

In order to meet our commitment of 100% sustainable palm products by 2025, we require all suppliers to work with their supply chains towards the stated principles and to regularly show significant progress. This will be evaluated using accepted industry standards and certification schemes, namely

- Roundtable for Sustainable Palm Oil (RSPO)
- Palm Oil Innovation Group (POIG) verification



While recognizing that standards are evolving and that we cannot expect all of our suppliers to comply today, we are strongly committed to only work with suppliers who can demonstrate compliance to the above stated standards and principles by 2022.