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Responsible Cocoa

Sourcing Policy

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Responsible Cocoa Sourcing Policy

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1. Context

Most of the world's cocoa comes from West Africa, with the Ivory Coast and Ghana accounting for more than 60% of the global cocoa harvest. There are over 2,5 million farmers working in the West African cocoa sector, and they face a number of social and environmental challenges.

A large proportion of cocoa farmers are affected by poverty, child labour and deforestation. Poverty is still a reality for many smallholder cocoa farmers as most are not paid a living wage, which in turn is a root cause for child labour. There are more than 1,5 million children working on cocoa plantations in Ghana and Ivory Coast. At the same time deforestation is a constant threat because poor farm management and soil degradation forces farmers to look for richer soil to cultivate their crop. In addition, climate change is having an effect on cocoa production with unpredictable weather conditions which can result in lower yields for farmers, and ultimately a lower income. These issues are related to each other and require a holistic approach¹.

2. Vision

As a retailer we recognise our responsibility to ensure that cocoa products originate from a legal and responsible source. Action envisions that in the long term all private label products procured for Action are self-evidently sustainably sourced through recognized and verified sources. Providing cocoa farmers with a better income, dignified working conditions and the possibility to invest into their communities. At the same time we want to ensure good farming practices which mitigate any harmful effects on soil and biodiversity.

3. Scope

The scope of our commitment will primarily focus on our own brand chocolate products as well as our white label products. Which include all our seasonal and fixed assortment chocolate products.

Although not directly in scope, we do encourage chocolate suppliers and A brands we do business with to have a sustainable sourcing policy in place for their chocolate products which should include their contribution to social and environmental challenges in the cocoa sector.

4. Target

All our own brand and white label chocolate products contribute to social welfare of cocoa farmers and their communities and mitigation of any harmful environmental impact.

Action aims at:

- I. 100% of our own brand chocolate products are sustainably sourced as Fairtrade by the end of 2023.
- II. We commit to extend our range from 6 products in 2021 to at least 50 Fairtrade own brand chocolate products in our assortment by 2023.
- III. All of our white label products are sustainably sourced by the end of 2024, with a preference for Fairtrade. Where Fairtrade is not possible, we will rely on other internationally recognized certifications standards for ethical sourcing.

5. Policy commitments

Action's cocoa sourcing policy strives to set the expectation that all products containing cocoa are sourced in compliance with the following principles:

5.1 Human rights

Action sources from suppliers that do not infringe human rights. We will use our leverage to mitigate and prevent such infringements and if needed we will avoid sourcing from specific suppliers that do not comply with Action's Ethical Sourcing Policy, or are not in compliance with the UN Guiding Principles of Business and Human Rights, determined by the following criteria:

- No child labour
- Young workers
- Forced labour
- Freedom of association and collective bargaining
- Health & safety
- Fair remuneration
- Working hours
- No discrimination
- Privacy
- Employment practices
- No harsh or inhumane treatment
- Ethical business behavior
- Protection of the environment

5.2 Transparency

Action aims to promote transparency throughout our entire supply chain. Wherever possible we strongly encourage our suppliers and importers to continue mapping down to the primary production level information relating to the origin of our cocoa products and environmental and social impacts relevant to Action's cocoa products sourcing must be made available upon request. At the appropriate time, Action will look to partner with supply chain specialists to deliver greater transparency and insights of its supply chain to ensure these commitments are met.

6. Legal compliance

Action strives to promote adherence to local, national and international laws and regulation throughout its supply chain. All cocoa products are compliant with relevant legislation.

7. Certification and accreditation

Action is committed to partnering with certification bodies (FLO-CERT) and sustainable cocoa initiatives, particularly Fairtrade. Action will require its suppliers and importers of Action's own brand chocolate products to obtain Fairtrade certification when Fairtrade is specified. Where applicable Action as well as its suppliers and importers use the Fairtrade trademark(s) in compliance with the relevant international Fairtrade Standards². For the promotional use of Fairtrade trademarks Action will comply with regulations as laid down in the Fairtrade Mark Guidelines³. Other standards that can be considered for our white label range include but are not limited to Rainforest Alliance⁴.

¹ The Cocoa Barometer 2020: <https://www.voicenetwork.eu/cocoa-barometer/>

² International Fairtrade Cocoa standard: https://files.fairtrade.net/Cocoa_SPO_EN.pdf

³ Fairtrade Mark Guidelines: <https://www.fairtrade.net/act/mark-use-guidelines>

⁴ <https://www.rainforest-alliance.org/>

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