

## Responsible Cocoa Policy

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## 1. INTRODUCTION

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<sup>1</sup>. 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 approach.

## 2. VISION

As a retailer we recognize 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 Private Label chocolate products, which includes our total seasonal and fixed assortment of chocolate products. Although not directly in scope, we do encourage chocolate Suppliers and A

brands we do business with to apply a sustainable sourcing policy for their chocolate products which must include their contribution to social and environmental challenges in the cocoa sector.

## 4. TARGET

All our Private 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 Private Label chocolate products being sustainably sourced as Fairtrade by the end of the year 2023.
- II. extending our range from 6 products in 2021 to at least 50 Fairtrade Private Label 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 Goods 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

We aim to promote transparency throughout our entire supply chain. Wherever possible we strongly encourage our Suppliers to continue mapping down to the primary production level information relating to the origin of our cocoa products. 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 sold by Action must be compliant with Applicable Laws.

## 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 of Action's Private Label chocolate products to obtain Fairtrade certification when Fairtrade is specified. Where applicable Action as well as its Suppliers use the Fairtrade trademark(s) in compliance with the relevant international Fairtrade Standards<sup>2</sup>. For the promotional use of Fairtrade trademarks

Action will comply with regulations as laid down in the Fairtrade Mark Guidelines<sup>3</sup>.

1 The Cocoa Barometer 2020:

<https://www.voicenetwork.eu/cocoa-barometer/>

2 International Fairtrade Cocoa standard:

[https://files.fairtrade.net/standards/Cocoa\\_SPO\\_EN.pdf](https://files.fairtrade.net/standards/Cocoa_SPO_EN.pdf)

3 Fairtrade Mark Guidelines:

<https://www.fairtrade.net/act/mark-use-guidelines>

## DEFINITIONS

### **Fairtrade Certification**

A product with the Fairtrade Mark means producers and businesses have met internationally agreed standards which have been independently certified. Fairtrade Standards are designed to support the sustainable development of small producer organizations and agricultural workers in developing countries. The Fairtrade Standards incorporate a holistic blend of social, economic and environmental criteria.