

Our Coconut Policy

ESG 5

September 2021 | Version 1.0



1. Purpose

Coconuts are harvested from the coconut palm which is often referred to as the ‘tree of life’. The white flesh (copra) is used to produce oil as well as milk, cream and flour, a range of by-products are made from the shells, husks, and leaves. As a versatile oil with a unique flavour, Flora Food Group uses coconut in a wide range of products including our plant-based butters, margarines, creams and cheeses.

The coconut palm is a resilient, tropical plant, with a long, productive life span and comparatively low inputs. Coconuts are mainly grown and harvested by small scale farmers on family farms. Production is concentrated in the humid tropics, where the coconut sector contributes to the livelihood of about 5 million families in Indonesia and about 3.5 million coconut farmers in the Philippines.

Flora Food Group recognizes and shares the concerns about the potential economic, social, and environmental risks associated with coconut production. As global demand for coconut continues to grow, smallholder farmers lack the means to invest in replanting. Furthermore, new coconut plantations may drive deforestation, and risk impacting upon both precious ecosystems and smallholder livelihoods, without appropriate safeguards being put in place.

Unlike other ingredients we purchase such as palm oil, soybean oil and paper, coconut is largely a disaggregated crop, and there is currently no globally recognised scalable certification scheme for coconut-based products. Therefore, we will work with stakeholders across the value chain to improve transparency, develop common industry wide approaches to deliver positive impact, advocate for a sustainable coconut industry and innovate to ensure the principles laid out below are implemented throughout our supply chain for the coconut we purchase.

2. Our Commitments

Flora Food Group is committed to the responsible and sustainable sourcing of all ingredients. In addition to meeting the requirements of our Business Partner Code of Conduct¹, Responsible Sourcing Policy² and Human Rights Statement³, we expect our suppliers of coconut products to share our commitment to increase traceability, improve the livelihoods of coconut farmers, and to protect nature & ecosystems.

3. Traceability and Transparency

We are committed to ensuring traceability and transparency along complex supply chains to encourage good practices by farmers, middlemen and traders. We define “traceable” as the ability to trace product to a known origin - meaning jurisdiction, province, community, or farm level.

- We will work with suppliers who are transparent about their supply chains and periodically disclose the origin of the coconut we source.
- We expect our suppliers to share supply chain information and work to improve traceability and transparency in their supply chains.

¹ <https://upfield.com/about/supplier-centre/> - select Business Partner Code of Conduct

² <https://upfield.com/about/supplier-centre/> - select Responsible Sourcing Policy

³ <https://upfield.com/about/supplier-centre/> - select Human Rights Policy

- Our suppliers must adhere to Flora Food Group's Responsible Sourcing Policy, which stipulates mandatory requirements on human rights, labour standards and the protection of workers.
- Suppliers must disclose breaches of the Responsible Sourcing Policy and follow accepted grievance procedures to ensure the responsible handling of complaints or breaches.

4. Improve Livelihoods

We are committed to supporting initiatives that improve the livelihoods of coconut farmers. We will partner with our suppliers and support cross industry collaborations that seek to achieve the following outcomes.

- Increase smallholder access to services, information, and training to improve incomes and labour practices.
- Improve productivity and ensure future availability of crops through replanting, crop diversification, and training in sustainable agricultural practices.
- Enable access to technology to provide farmers with information on the market, and to improve harvesting and processing.
- We expect our suppliers to support initiatives and interventions that seek to deliver these outcomes. Suppliers should be able to demonstrate progress aligned with the Sustainable Coconut Charter or equivalent.

5. Prevent Deforestation and Mitigate Climate Change

We are committed to supporting initiatives and interventions that prevent deforestation, protect nature and help mitigate climate change. We will partner with our suppliers and support cross industry collaborations that seek to achieve the following outcomes.

- Prevent deforestation particularly in high conservation areas for new commercial coconut plantations.
- Increase productivity on existing cultivated land, developing on degraded land, and conducting environmental impact assessments for new plantings.
- Implement good agricultural practices which protect ecosystems and help mitigate climate change.
- We expect our suppliers to support initiatives and interventions that seek to deliver these outcomes. Suppliers should be able to demonstrate progress aligned with the Sustainable Coconut Charter or equivalent.

6. Implementation Action Plan

Our goal is to ensure that by 2025 100% of our coconut is traceable to origin and all our suppliers can demonstrate significant progress in the principles above.

Furthermore, by 2030 our ambition is that all the coconut we purchase is either certified to a recognized standard or comes from traceable supply chains (known origin) supported by landscape or livelihood programs aligned with our policy commitments.

We will work with stakeholders to advocate for these principles, establish programmes that support improved outcomes for coconut smallholders, and maintain transparency by periodically publishing the origin of the coconut we source.

7. Governance

Flora Food Group's Chief Procurement Officer and Director of Sustainability & ESG are responsible for implementing our Coconut Policy.

The Compliance Committee includes representatives of our Board and Executive Committee and is involved in the approval process for our Coconut Policy. The Compliance Committee is accountable for Flora Food Group's policy framework.

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