

PREVENTION OF DEFORESTATION POLICY

1. POLICY STATEMENT

- 1.1. Forests play a critical role in climate change mitigation, provide an invaluable habitat for wildlife and support the livelihoods of many people around the world.
- 1.2. We are committed to procuring deforestation-free products and supporting the prevention of illegal deforestation across our supply chains by 2030. This is vitally important to us as it will bring us in line with our Net Zero by 2040 strategy goal. The high-risk raw materials that are of particular interest to our operations are coffee, cocoa and palm oil. We are committed to supporting smallholder producers eliminate their deforestation practices. Smallholder producers account for a large percentage of our raw material supply. Coffee is our primary concern as it accounts for the majority of our spend and most of the coffee that we buy is from smallholder farming cooperatives.
- 1.3. 'Deforestation-free' means:
 - (a) that the relevant products contain, have been fed with or have been made using raw materials, referred to as 'in-scope materials' (see appendix 1), that were produced on land that has not been subject to deforestation after December 31, 2021, and
 - (b) in case of relevant products that contain or have been made using wood, that the wood has been harvested from the forest without inducing forest degradation or negatively impacting biodiversity after December 31, 2021.
- 1.4. This policy is closely linked to other policies that we already have in place, including:
 - *Environmental Policy Statement*
 - *Palm Oil Policy*

2. RESPONSIBILITY FOR THE POLICY

- 2.1. The board of directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 2.2. The Compliance Manager for deforestation prevention is the Sustainability Manager. The Compliance Manager, with support from the Director of Coffee, Quality & Sustainability and the Managing Director, has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in countering deforestation.
- 2.3. All employees must read, understand and comply with this policy. Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy.

3. OUR COMMITMENTS

3.1. In order to enforce our commitment to procure deforestation-free products and prevent illegal deforestation across our supply chain, in line with our Net Zero by 2040 strategy, we:

3.1.1. Commit to continue to do the following:

- Ensure there is board-level oversight of forest-related issues.
- Ensure this policy is made available company-wide.
- Ensure this policy is made publicly available and commits to deforestation-free activities by 2030.
- Ensure this policy is fully integrated into the strategic Net Zero by 2040 plan
- Where products contain in-scope raw materials, ensure that these come from certified sources (see Appendix 2). Certification plays a key role in helping producers change to more sustainable farming practices which help to support sustainable production and reduce deforestation.
- Proactively assist smallholder coffee suppliers in preserving biodiversity and encourage reforestation through specific programmes. For example, we have previously supported reforestation projects in Bolivia with the Asocafé cooperative and Peru with the San Juan del Oro cooperative. Further information on these programmes can be accessed in our Sustainability Reports. We will use data from our annual producer surveys and work with our stakeholders in order to most effectively direct resources for future projects.

3.1.2. Commit to the following, as recommended by the Accountability Framework initiative¹:

- Conduct a comprehensive deforestation risk assessment.
- Ensure we can trace 100% of supplier's production/consumption back to at least municipality or equivalent.
- Ensure 100% of in-scope materials certified in a no-deforestation compliant certification.
- Ensure we support and improve supplier capacity to comply with forest related policies, commitments and other requirements through financial or technical assistance.
- Ensure we work beyond first tier suppliers to manage and mitigate deforestation risks through supply chain mapping or capacity building.
- Ensure we work with smallholders to support good agricultural practices and reduce deforestation or conversion of natural ecosystems through financial or technical assistance.
- Ensure we control, monitor, and verify compliance with no deforestation policies/commitments that covers all relevant operations and supply chains with 100% of total volume in compliance.
- Ensure company or supplier compliance with forest regulations and/or mandatory standards is assessed if sourcing commodities from regions with a high deforestation risk.
- Ensure we are supporting or implementing ecosystem restoration and protection projects with timely monitoring and measured outcomes.

4. COMMUNICATION AND AWARENESS OF THE POLICY

4.1. All employees are made aware of this policy as part of their induction.

¹ Accountability Framework (May 2022). "From Commitments to Action at Scale." www.accountability-framework.org/wp-content/uploads/2022/05/CDP_AFI_Forest_Report_2022_2022_05_23.pdf

- 4.2. Adequate information and training on the prevention of deforestation is made available to all employees, with priority given to those with responsibility for procuring forest risk commodities.
- 4.3. Our approach to preventing deforestation in supply chains is communicated to all suppliers, contractors, and business partners at the outset of our business relationship with them and reinforced as appropriate thereafter.

5. BREACHES OF THIS POLICY

- 5.1. The prevention, detection and reporting of deforestation in our supply chains is the responsibility of all those working for us who engage with our suppliers and have responsibility for purchasing decisions. These employees are required to avoid any activity that might lead to, or suggest, a breach of this policy.
- 5.2. Employees are encouraged to raise concerns about deforestation in our supply chains (of any supplier tier) at the earliest possible stage. This includes when you suspect that an instance of deforestation has occurred or may occur in the future.
- 5.3. Should you suspect that a supplier has breached the standards set out in the policy, or that there may be a breach in future, you should report this to your line manager and the Compliance Manager for assistance in following-up with your concerns. We reserve the right to terminate our relationship with suppliers and organisations working on our behalf if they breach this policy.

Endorsed: Paul Chadderton – Managing Director

Date: 12/08/2022

Endorsed: Dr Eduarda Cristovam – Director of Coffee, Quality & Sustainability

Date: 12/08/2022

Appendix 1

	Primary <i>In-Scope</i> Materials	Secondary <i>In-Scope</i> Materials
Coffee	Coffee beans	Coffee as an ingredient
Cocoa	Cocoa butter; Cocoa powder; Cocoa liquor	Cocoa as an ingredient
Palm Oil	Crude palm oil (CPO); Palm Kernel Oil (PKO); PFAD; fatty alcohols	Palm oil as an ingredient
Pulp and Paper	Wood-fibre-derived paper and board packaging	Labels; tea bags
Soy	Soybean oil; soy protein	Soybean products that are not derived from soybean oil (e.g. lecithin); Embedded soy (soy in animal feeds)
Tea	Leaf tea for leaf tea applications	None
Timber	Wood prepared for use	Timber used for factory equipment such as pallets
Sugar	Cane sugar	Sugar as an ingredient
Metals	Steel, copper, lithium, tin, silver, gold, nickel, and aluminum etc.	Metals used in coffee machines, electronics and factory equipment

Appendix 2

Certification	In-Scope Material	Link to standard	Benefit
Fairtrade	Coffee, Cocoa	Fairtrade Standard for Small-scale Producer Organisations See requirements 3.2.31 and 3.2.32.	<i>“Fairtrade actively promotes both the protection of forests and the planting of trees. Fairtrade Standards prohibit the felling of forests with high conservation value and require farmer co-operatives to map risk areas, raise their members’ climate awareness and promote climate-friendly production methods.”²</i>
Rainforest Alliance	Coffee, Cocoa	Sustainable Agriculture Standard Farm Requirements See requirements 6.1, 6.2 and 6.4.	<i>“...focused on natural climate solutions—which includes forest conservation, restoration, and improved land management practices—to increase carbon storage, avoid greenhouse gas emissions, and build resilience to changing weather patterns.”³</i>

² <https://www.fairtrade.org.uk/media-centre/blog/5-ways-fairtrade-farmers-help-protect-flora-and-fauna/>

³ <https://www.rainforest-alliance.org/our-take-on-greenpeaces-deforestation-report-destruction-certified/>

Round Table on Sustainable Palm Oil (RSPO)	Palm Oil	RSPO Principles and Criteria See criteria 7.12.	<i>“The RSPO Principles & Criteria consists of seven core principles, one of which is to “operate legally and respect rights.” Legality is a requirement for RSPO certified production, making RSPO Certification a viable tool for due diligence related to illegal deforestation”⁴</i>
Forest Stewardship Council (FSC)	Pulp and Paper	The FSC National Forest Stewardship Standard of the UK See Indicators 6.9.1, 6.9.2 and 6.9.3.	<i>“FSC does not allow for deforestation to take place in its certified concessions. It has several strict requirements in place that ensure that certified-forest managers maintain their forest cover, and maintain or enhance their forest’s structure, function, biodiversity and productivity.”⁵</i>
Round Table on Responsible Soy (RTRS)	Soy	RTRS Standard for Responsible Soy Production See guidance principles 4.4 and 4.5.	<i>“RTRS offers a soy certification standard with zero deforestation and zero conversion explicitly stated in its criteria. This means that no conversion of any natural land, steep slopes and areas designated by law to serve the purpose of native conservation and/or cultural and social protection is allowed.”⁶</i>

⁴ <https://rspo.org/news-and-events/news/delivering-deforestationfree-sustainable-palm-oil-a-response-to-us-engagement-on-supply-chain>

⁵ <https://fsc.org/en/deforestation-hcv-ifl>

⁶ <https://responsiblesoy.org/beyond-deforestation?lang=en>