



# Responsible Sourcing Policy

English

# RESPONSIBLE SOURCING POLICY

## PURPOSE & SCOPE

Responsible Sourcing has been A&D's hallmark for the past two centuries. Periodically, we integrate state of the art trading and sourcing practices into our plans and policies to help promote sustainability within our supply chain. The strong partnership we have with our suppliers as well as the good linkage in our supply chain has been a key enabler that is helping us purchase responsibly. Before A&D engages a supplier, the supplier is made aware of our sustainability standards and the supplier is ready to adhere to our business ethics. This includes our standards for environment, human rights, business integrity, health, and safety. All suppliers must thus be familiar with information in our code of conduct, code of ethics and our policies.

As a family business that has been in existence since 1806, we acknowledge that it is important we use resources for its optimum benefit in such a way that we would not compromise the ability of future generations to use those same resources. To ensure that sourcing is done responsibly, A&D carefully selects its suppliers, and the selected suppliers are expected to meet certain key requirements and oblige to it thereof. Our Responsible Sourcing Policy tackles issues on child labor, forest preservation, Good Agricultural Practices (GAP), transparency, and traceable cocoa value chains. We engage in frequent discussions with suppliers, learn from each other, share our experiences, and come up with ideas on how we could together ensure that these key elements are attended to with the utmost attention.

## A. Three Guiding Steps in Responsible Sourcing

A&D strives to act responsibly in all its business activities and partnerships in order to strengthen its cocoa supply chain. The Responsible Sourcing Policy (RSP) of A&D is guided by three steps which affirm our commitment to working with suppliers to achieve a sustainable, and prosperous future for all parties while helping communities and the environment to flourish.

### 1. Internal Assessment

A&D verifies that suppliers align to and implement the Responsible Sourcing Policy using supplier self-declaration, assessments, and independent verification including third-party audits and certifications. Indicators used during the assessments are aligned with concerns in our Supplier Code of Conduct. It includes but not limited to issues on corruption, labor rights, working conditions, human right abuses, and environmental protection. The continuous expansion of our business is vital to us hence the quest to find new business origins and suppliers. For new suppliers, we engage them in initial sustainability dialogues to familiarize ourselves with each other's sustainability goals. In addition, a self-assessment form is provided to the suppliers so A&D could know more about the supplier's sustainability and procurement practices. This enables A&D to know where synergies or difference exist and how it could be aligned with our sustainability ambitions for a better future cooperation. The rationale is to also help A&D have a fair idea on the suppliers previous and current sustainability practices as well as plans for future. The assessment is done with the help of a well-developed questionnaire by our team of experts taking into consideration who often take into consideration sustainable trading practices and due diligence legislations.

### 2. Areas of Improvement and Adherence

The first step enables A&D to identify areas that needs attention and improvement. A strategy is

then designed and implemented based on the results of the assessment. Through numerous meetings with suppliers, A&D is able to come up with a roadmap on how identified, and non-performing areas could be improved. Together with the suppliers, we ensure that such areas are improved over-time and we expect our suppliers to implement and adhere to the designed plan. Where possible, suppliers are supported to improve areas where corrective actions are needed. Best practices and areas of low performance are identified overtime, and lessons learnt from it are shared with suppliers. This sets up a starting point for newer ideas and plans on how to make the supply chain more transparent, and sustainable.

### **3. External Assessment**

Having external assessments is vital due to the complexity of the cocoa supply chain and the heterogenous nature of our customers' sustainable demands. The services of recognized independent audit organizations or standards organization are employed to help us check our supplier's compliance with our requirements and conformity with defined standards in the industry. This provides our customers with assurance on how we adhere to responsible sourcing practices throughout our supply chain.

## **B. Key Focus Area**

### **1. Child labour**

We 100% oppose child labor in the cocoa supply chain. Through collaborations with specialized organizations and engagements with experts in the field we do what is possible within our means to prevent issues of child labour in our supply chain, particularly in West Africa. We therefore expect the same from our suppliers who acknowledge and accept our Supplier Code of Conduct. Eliminating (the worst forms of) child labour is something A&D cannot do alone. This is so complex that it needs the involvement of most stakeholders in the cocoa supply chain. But within A&D's limits' we ensure that our suppliers comply with our approach towards preventing child labour especially in origins where recognized independent risk assessments has proven evidence of child labour. Our approach is largely embedded in ICI's CLRMS (International Cocoa Initiative–Child Labor Remediation & Monitoring System).

### **2. Deforestation**

It is part of A&D's responsible sourcing policy to encourage afforestation and discourage deforestation. We recognize that farming commodities like cocoa has an impact on forests. Thus, measures must be in place to ensure that our suppliers desist from sourcing practices that potentially causes harm to forests, and the environment. We continually aim to decrease deforestation caused by cocoa production through capacity building trainings, effective education, and monitoring. Suppliers are supposed to make conscious efforts to have GPS points or/and polygon maps of places from where the cocoa beans they supply to A&D are sourced to help deforestation checks.

### **3. Transparency**

Having an acceptable level of visibility and sharing valuable information about supply chain is of great concern to A&D because every part of the supply chain (from the producers through to the last point of delivery) comes with information that is worthknowing and sharing with customers. To promote transparent procurement practices, and ensure traceability, A&D expects its suppliers to provide key information regarding their sourcing so it could be privy to stakeholders when the need arise.

Through effective communication A&D believes that the sustainable practices mentioned and agreed on in our supplier code of conduct will be complied with. The suppliers also undertake to comply with A&D's responsible sourcing policy by way of been signatories to A&D's supplier code of conduct declaration form. Thus, they are expected to put into practice things stipulated in the supplier code of conduct. It is worth mentioning that any sub-supplier of our supplier upon approval is also subject to this responsible sourcing policy.

More information on fundamental business conduct can be found in our Supplier Code of Conduct<sup>1</sup>

## C. Strategy towards Responsible Sourcing

In seeking to build a sustainable cocoa supply chain, A&D commits to:

- Supplier compliance to our Supplier Code of Conduct which prescribes our expectations on no child or forced labor, freedom from discrimination, freedom of association, fair wages, and commitment to the well-being of employees.
- Establish child labour monitoring & remediation systems in our supply chain.
- Achieve traceability in our direct cocoa value chain, by identifying and mapping the farms from whom we are sourcing.
- No sourcing of cocoa which contributes to the deforestation or degradation of any forest land as defined by national or international applicable forest definitions.
- No sourcing of cocoa from areas that are legally protected for conservation purposes, such as national parks or wildlife reserves.
- Promote sustainable livelihoods and production for smallholder cocoa farmers in our supply chain.
- Engage our suppliers on the content and expectations of our Code of Conduct and this policy.

## D. Updates

Albrecht & Dill Trading GmbH will be reviewing and updating this code once a year. In case of changes, our stakeholders will be informed.

An updated version of the code can always be found online at our website: <https://albrecht-dill.de>

---

<sup>1</sup> Supplier Code of Conduct can be found in [www.albrecht-dill.de](http://www.albrecht-dill.de)