



Responsible Sourcing Policy

Version of April 4th 2022

Ecotone is the European leader of sustainable food: organic, vegetarian and fair-trade food. In 2019, Ecotone became Europe's first B Corp food business. Since 2020, our purpose "Food for Biodiversity" is giving the orientation to everything we do as a company. To meet our sustainability goals, our CSR strategy needs to be supported by all of our activities, including sourcing.

We know that our purchases and supply chain are subject to major societal, social and environmental challenges. To address them, we have endorsed several commitments and took various actions presented in the following policy. We also cooperate with our suppliers since we cannot achieve our ambitions to have a positive impact without their support.

This document is both to :

- Give a clear vision internally of our engagements and practices in term of **Responsible Sourcing**,
- Communicate this vision to engage our external stakeholders.

All KPI mentioned will be used to track and measure our progress. This will be monitored by the CSR Department and reported annually to the Sustainability Committee and the Mission Committee. General progress will be published in our CSR report for our stakeholders.

We are aware that there is always room for improvement, we are therefore committed to review this policy on a regular basis and make it evolve over time.

Challenges in our supply chain

Among all challenges in our supply chain, we have identified 5 major stakes to focus on as a priority :

- Value Sharing**
As the first link in the supply chain, the producers may not be paid enough to ensure a decent standard of living.
- Respect of Human and Labor Rights**
The agricultural sector is subject to regular violations of human and labor rights such as child labor, forced labor, excessive overtime and unsafe working conditions.



Environmental Impact

In the past decade, intensification of agriculture has led to significant negative impacts on our environment, including biodiversity loss.

Availability of RM

Both climate change due to human activities and increased demand for organic products are leading to scarcity of our raw materials. As a result, prices are rising to the point of jeopardizing consumers' purchasing power.

Traceability

The knowledge of the raw materials' origin is crucial specially to support food fraud prevention, but also to manage environmental impact in our supply chain (e.g., deforestation).

These challenges are our main concerns for the establishment of our Responsible Sourcing Policy.

Structure of our sourcing activities

The majority of our products are processed either in our own or in suppliers' production facilities globally. Our own factories are supplied with Raw materials & Packaging (RM & Pack) by our suppliers, whereas Finished Goods are made by 3rd party manufacturers.

Our supply chains are global and we source from more than 1 000 suppliers in different countries across Europe, Asia, Africa and North and South America.

NB : Our Non Product Related (NPR) purchases are already addressing their proper sustainability challenges with a dedicated policy.

Our vision of Responsible Sourcing



We have to be aware of all the impacts on our economic, social and environmental ecosystem caused by our sourcing activities in order to optimize them properly.

Ecotone's vision of Responsible Sourcing is embedded in a two-side approach :

For each one of these axes, several commitments can be distinguished with associated objectives and actions (present or future). Depending on the nature of the actions, they are under the governance of Central Sourcing, CSR, R&D or Quality teams.

Sustainable Products

Minimum requirements for products - *Scope : Finished Goods and RM & Pack purchases*

To guarantee the quality and safety of our products, we defined the minimum requirements applicable to any Ecotone supplier, in our Product Quality Booklet (PQB). Those requirements include topics such as food fraud risk management, non-GM ingredient and packaging, RSPO certified palm oil, mineral oils threshold, pesticide residues management etc. Our quality experts verify that the defined requirements are met.



Signature of the PQB by:

→ *Finished Goods suppliers* : 100% by end of 2023

→ *RM & Pack suppliers* : 60% by end of 2025

Organic requirements - *Scope : Finished Goods and RM purchases*

To improve health and contribute to preserving the environment, the majority of our branded products are vegetarian (97% TO in 2020) and organic (79% TO in 2020). Thus, the ingredients used for its production must meet all applicable requirements. We ask our suppliers to provide strong and recognized certifications to meet organic quality.



Purchase of ingredient/finished product to reach 90% (turnover) of organic sales in our assortment by 2030

Encourage Biodiversity by diversity of ingredient (non-standard species) - *Scope : Finished Goods and RM purchases*

To enhance food and agricultural biodiversity, we must diversify the species used in our recipes by limiting the usage of the nine species accounting for 66 % of total crop production (soy, palm oil, rice, potatoes, wheat, sugar beet, cane sugar, corn, cassava) and growing the usage of non-standard species.



Purchase of ingredient/finished product to reach more than 2/3 of non-standard species in our sales by 2030

Encourage Biodiversity by agri-chain practices - *Scope : Finished Goods and RM purchases*

To contribute to biodiversity preservation and ecosystems restoration, we are developing agri-chains fostering biodiversity in our supply chain (preservation of natural habitats, crop rotation, organic and regenerative agriculture...). Thus we have defined the best agro ecological practices that help to favour biodiversity in addition to organic certification based on scientific data. To participate on the sector evolution, we are also involved in external working groups (FNAB, Synabio).



By 2030, have 1/3 of our volumes of purchased strategic raw materials sourced with agri-chain practices enhancing biodiversity

Eco-design of packaging - *Scope : Pack purchases*

To achieve significant CO₂ emissions reduction, our packaging must be optimized thanks to eco-design. We focus on 3 leverages : weight reduction, increase of circularity and recyclability, and use of renewable materials. We are co-building action plans with our stakeholders, such as packaging suppliers and external experts (ADEME, CITEO).



By 2030, 100% of our packaging to be re-usable, recyclable or compostable

Responsible Relationship

Minimum requirements to our suppliers - *Scope : Finished Goods and RM & Pack purchases*

We expect our suppliers to share our sustainability values and commitments while complying with all applicable legislations and principles (including ILO Conventions). We outline our approach to ethical trade on our Supplier Ethical Policy and Supplier Code of Conduct, available on our website, with detailed requirements on topics such as Human rights, Labour rights, Gender Balance, Environment, Product safety, Information security, etc.



Signature of the PQB by:

→ *Finished Goods suppliers* : 100% by end of 2023

→ *RM & Pack suppliers* : 60% by end of 2025

3-levels of Supplier Collaboration Model - *Scope : Finished Goods and RM & Pack purchases*

We believe that the quality of the relationship with our suppliers is key to support performant and responsible sourcing. To have more comprehensive and value-added interactions with our suppliers, we have created a new commitment/expectation model with 3 levels (supportive, collaborative and partnership) differentiated according to our stakes. Thus, we engage in a long term collaboration with certain suppliers to have together a positive impact on our ecosystem. Concurrently, we conducted a qualitative feedback survey to better understand our suppliers' needs and interests.



Maximise supplier partnerships and collaborations to reach :

→ *For Finished Goods* : 65% of PTO covered by 2025

→ *For RM & Pack* : 35% of PTO covered by 2025

Risk assessment of suppliers on Social and Ethical topics - Scope : Finished Goods and RM & Pack purchases

To ensure ethical practices in our supply chain, we ask all our suppliers to register on SEDEX platform (Supplier Ethical Data Exchange) in order to show their compliance with labour requirements. Furthermore, we review on a regular basis our risk assessment of human and labour rights depending on the nature and origin of our strategic raw materials.



By 2023, 100% of staff in leading positions and/or engaged with suppliers trained on social and ethical topics in the supply chain (including forced labour and child labour)



By 2025, 90% PTO of our Finished Goods and RM & Pack suppliers are registered and provide social and ethical information via the Sedex Self-Assessment Questionnaire

Performance assessment of suppliers on Environmental topics - Scope : Partner and Collaborative Suppliers

We know that partnering with our suppliers is crucial to drive broad transformations and mitigate our collective impact on environment. That is why we conduct every 3 years a KPI survey on environmental impact (waste, water, carbon footprint, biodiversity, ...) and request from our suppliers their improvement action plan.



By 2025, 100% of requested suppliers have provided their environment KPI and improvement action plan

Continuous improvement of suppliers on CSR, Climate and Biodiversity topics - Scope : Partner Suppliers

We aim to accelerate progress towards our CSR commitments by actively onboarding our partner suppliers, especially on climate and biodiversity actions, supported by external methodologies such as CDP (Carbon Disclosure Project) or SBTN (Science Base Targets for Nature). To achieve CO2 emissions reduction across our packaging and agricultural raw materials value chain by 43% by 2030, we engage our suppliers on topics such as energy efficiency, carbon impact of transportation, deforestation footprint, insetting projects,... In this perspective, we created a dedicated role internally to share knowledge and build common action plan with our suppliers.



Realization of one CSR meetings / year with our partner suppliers for action plan follow-up

Fair Trade chains - *Scope : Alter Eco, Clipper, Bonneterre, Danival and Destination brands*

Fair Trade is one guarantee that producers are being paid a fair and stable price for their products, allowing them to develop their business and work their way out of poverty. To validate our approach, we rely on recognized certifications (Fairtrade Max Havelaar, Ecocert Fair for life, Biopartenaire). We also pay the Fairtrade premium which is an additional sum of money that producers can invest in any projects they choose to help improve their community standards in education, health and housing.

Furthermore, Fair Trade is often associated with additional environmental benefits through better agricultural practices for instance.

Situation in 2021 : 48% TO of Fairtrade chocolate bars, tea and coffee



We are committed in a continuous effort to maintain and improve our participation in Fair Trade chains

All the commitments of this Responsible Sourcing Policy guide us to select suppliers and build sustainable relationships in order to drive together the changes we want to see in the world.

This policy was approved and signed by Christophe BARNOUIN, CEO of Ecotone, on April 4th 2022.

A handwritten signature in blue ink, appearing to read 'C. Barnouin'.