

Whitbread Responsible Sourcing Policy Cocoa

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1. Context

Whitbread recognises it has a responsibility to source with integrity and ensure sound social, ethical and environmental practices within its own operations, supply chain and in every market in which it operates. We are committed to ensuring that all our procurement practices are carried out in the most sustainable and responsible way possible and this includes responsible procurement of all raw materials sourced to produce any product involved in the Whitbread business.

We understand the impact cocoa sourcing can have on the environment and community within the supply chain and are committed to mitigating any adverse impacts wherever possible and fulfilling the obligation we, as a consumer and user of cocoa, have to work towards achieving sustainable supply.

All Whitbread procurement is subject to compliance with the Whitbread Responsible Sourcing Policy which outlines that 'suppliers may in addition be required to comply with additional sub-policies or standards relevant to the products that we source from that supplier and specific risks or issues associated.' Whitbread considers the procurement of cocoa to be an area of such risk and has therefore created this policy document to sit alongside the Responsible Sourcing Policy.

2. Scope

Throughout this document, the term 'cocoa' refers to any product sourced through the Whitbread supply chain which contains cocoa. This will include the use of cocoa in hotels and restaurants and the cocoa used as an ingredient for food products.

3. Policy Requirements

The Whitbread policy ensures that all products and materials stated above are sourced in compliance with the following sustainable agriculture principles:

3.1 Transparency

Whitbread requires honesty and transparency from all suppliers. In order to ensure sustainable sourcing throughout the supply chain, Whitbread requires cocoa to be traceable back to the cooperative it was sourced from and we encourage our suppliers to work towards identifying the small holder farms supplying that cooperative. All information relating to the supply chain and the environmental and social impacts pertinent to Whitbread sourcing must be available for Whitbread's review upon request.

3.2 Legal compliance

Sourcing methods will operate in compliance with all applicable local, national and ratified international laws and regulations, including ILO conventions.

3.3 Greenhouse gas emissions

Suppliers are encouraged to report to Whitbread and set time bound targets to reduce the greenhouse gas emissions from their primary production, manufacturing or processing plants as relevant.

3.4 Water management

Suppliers are encouraged to conduct a water resource requirement and consumption assessment. This should consider the impact of water use and discharge. The aim of such an assessment should be to identify opportunities to reduce water consumption or mitigate the risk of any negative impact on water quantity and quality.

3.5 Traditional, civil & human rights and labour standards

Whitbread will not accept violations of traditional, civil and / or human rights or non-compliance with labour standards as set out in the Responsible Sourcing Policy and in line with the UN Guiding Principles for Business and Human Rights.

3.6 Community Engagement

Whitbread requires suppliers to ensure there are open and effective lines of communication with key stakeholders in the local communities in which sourcing takes place. This communication should be known to the local community and used to inform the supplier on pertinent local issues relating to cocoa production and also as a means for workers and farmers to report any issues or grievances to the Whitbread supplier. Community engagement will also be used to identify opportunities to provide local employment where possible.

The following policy requirements are relevant to suppliers of cocoa at primary production level, often small holder farms. They define Whitbread's ambition in this area and Whitbread encourages its direct suppliers to work towards driving compliance throughout their own supply chains.

3.7 Protection and conservation of natural biodiversity and ecosystems

- Sourcing operations or production will not take place in areas deemed to be, to include, or be responsible for the maintenance of, high conservation value areas.
- Sourcing operations or production will not take place in areas where clearance of primary forest has taken place.
- The potential impact of sourcing operations on the existence and conservation of any threatened or endangered species will be identified and where relevant, the risk of negative impact will be mitigated.
- Sourcing operations will ensure that the local biodiversity, natural habitat and ecosystem functions in the local environment are protected at all times.

- Pollution will be minimised throughout the production process and production waste will be managed responsibly.

3.8 Soil Management

In line with best practice production, suppliers are encouraged to develop a Soil Management plan in order to protect soil from erosion and degradation as much as possible, maintaining the productivity and long-term viability of soil used in the production of cocoa. This may involve the soil structure (e.g. availability of surface and ground water), organic matter content, nutrient status and microbiological health.

3.9 Chemical use

Agrochemicals should be used responsibly, be target-focused and should not harm or endanger the environment or surrounding communities. The storage, handling and disposal of all hazardous materials and waste should be done responsibly and legally, minimising respective potential environmental impacts. Whitbread encourages the use of biological or mechanical alternatives to pesticides where possible. Pesticides listed under WHO 1A and 1B, the Stockholm and Rotterdam Conventions, Montreal Protocol and paraquat will not be used in the production of cocoa.

4. Certification and Accreditation

Whitbread acknowledges the good work and positive impact that Rainforest Alliance certification to the Sustainable Agriculture Network (SAN) standard, UTZ Certified and Fairtrade have had on the cocoa supply chain, in particular the development of a more open and transparent market.

Whitbread is committed to continually increasing the amount of certified cocoa in its supply chain and will support its suppliers in fulfilling that commitment. In line with the Whitbread commitment to source 100% Rainforest Alliance coffee, we will give preference to Rainforest Alliance certification to the SAN standard, wherever possible.

More information on Rainforest Alliance certified cocoa and the principles of the Sustainable Agriculture Network (SAN) is available on the following links:

<http://www.rainforest-alliance.org.uk/agriculture/crops/cocoa>

<http://sanstandards.org/sitio/subsections/display/7>

5. Principles of Implementation

As a form of good practice, Whitbread keeps a record of all cocoa and cocoa based product suppliers and systematically monitors the performance of all suppliers of products covered by this policy through direct communication, desk based certification review and, where relevant, third party verification. We are committed

to periodically reviewing this policy to ensure it is up to date, relevant and conducive to driving continuous improvement throughout our supply chain.

In order for suppliers to implement this policy, Whitbread requires them to:

- Communicate this policy throughout their own supply chain.
- Confirm in writing a willingness to comply with this policy, by signing the box below.
- Demonstrate traceability and legality of cocoa sources down to cooperative level as a minimum.
- Provide documentary evidence confirming certification, where relevant.
- Ensure Whitbread representatives, including third party auditors are given uninhibited access to sites used to produce Whitbread goods and that all documentation is accurate and complete.
- Accurately and transparently communicate when these standards are not being met or are unlikely to be met and when support is required to meet these standards.

Signed:

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Title:

Date:

I declare that I have received and acknowledge in full Whitbread Plc's Cocoa Policy and agree to work with Whitbread towards full compliance abiding by the Principles of Implementation.

On behalf of: *(Company name)*

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