



RESPONSIBLE SOURCING GUIDELINES

November 2011

PREAMBLE

CAOBISCO and its member associations represent chocolate, sugar confectionery, and fine bakery ware products. CAOBISCO and its member associations recommend to their member companies to aspire towards implementing the points outlined below throughout their entire supply chain and to strive honestly and ambitiously to achieve this aim. CAOBISCO and its members are aware that this is a long term commitment.

Consumers expect similar behaviour from all parties that we deal with, especially from our suppliers.

The purpose of the CAOBISCO Responsible Sourcing Guidelines is to serve as a **template** if and when companies decide to develop their own individual responsible sourcing codes and/or standards. It does not and is not intended to replace individual member companies' current codes or standards.

The following principles establish ideal responsible sourcing standards.

CAOBISCO and its member associations recommend to their member companies to inform suppliers and asking them to make their own suppliers aware of environmental protection, work safety and salary conditions in accordance with all applicable laws, regulations and local rules, in addition to the requirements established by applicable International Conventions. They encourage their member companies to inform suppliers, their employees, agents and subcontractors ("the Supplier"), to respect and to adhere to the following points when conducting business. It is the Supplier's responsibility to educate its employees, agents and subcontractors accordingly.

1. BUSINESS INTEGRITY

Company XXX declares that it conducts business in full compliance with applicable laws including all relevant international conventions and is guided by integrity and honesty.

Company XXX requires suppliers and commercial agents to engage against improper conduct and / or improper personal advantage.

Behaviour that consists of directly or indirectly promising or giving a financial or other advantage to public officials and / or civil servants or members of their families intending them to improperly perform a function is forbidden.

Independence

The principle of independence means that trading partners recognize that they are independent economic entities, respecting each other's right freely to set their own strategy and management policies, in terms of production, distribution, sales, marketing, and finance, including the freedom to determine independently whether to engage or not in any agreement.

2. SUSTAINABILITY

Company XXX supports and encourages operating practices, farming practices and agricultural production systems that are sustainable. Company XXX expects suppliers to continuously strive towards improving the efficiency and sustainability of its operations

3. LABOUR STANDARDS

Entitlement to Work

The supplier shall only employ workers with a legal right to work.

Working hours

The Supplier must ensure that its employees work in compliance with all applicable laws and mandatory industry standards pertaining to the number of hours and days worked. In the event of conflict between a statute and a mandatory industry standard, the Supplier must comply with the one taking precedence under national law.

Compensation

The Supplier's employees must be provided with wages and benefits that comply with applicable laws and binding collective agreements, including those pertaining to overtime work and other premium pay arrangements.

Non-Discrimination

The Supplier shall not discriminate in hiring and employment practices on the grounds of criteria such as of race, colour, religion, sex, age, physical ability, national origin, or sexual orientation.

Freedom of association and collective bargaining

Company XXX strongly encourages, unless prevented by governmental policies or norms, Suppliers to grant their employees the right to Freedom of Association and Collective Bargaining as well as their decision to refrain from doing so where legally permitted.

Child labour

The use of child labour by the Supplier is strictly prohibited. Child labour refers to work that is mentally, physically, socially, morally dangerous or harmful for children. It equally refers to the work that improperly interferes with a child's schooling needs and access to education.

For further clarification please refer to ILO convention 182 outlining the Worst Forms of Child Labour <http://www.ilo.org/ipecc/facts/ILOconventionsonchildlabour/lang--en/index.htm>

ILO Convention 138 provides the framework for national law to prescribe a minimum age for admission to employment or work, that must not be less than the age for completing compulsory schooling, and in any case not less than 15 years.

In countries where economic and educational facilities are of lower requirements, the minimum age may be 14 years. Exceptions may also be made from 13 or 12 years for "light work" on the condition that work does not interfere with any educational attendance in compliance with national or regional regulation. The minimum age for hazardous work – work that is likely to harm the health, safety or morals of the child as a consequence of its nature of the circumstances under which it is carried out - is 18 years for all countries.

Migrant and Agency Labour

All workers including employment agency staff must be validated by the supplier for their legal right to work by reviewing original documentation. Employment agencies must only supply workers registered with them. The supplier shall implement processes to enable adequate control over agencies with regards to the above points and related legislation

Prison and forced labour

The Supplier must under no circumstances use or in any other way benefit from forced or compulsory labour as outlined in ILO convention 29 <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C029>

Where a Supplier is using labourers who are in an official prison rehabilitation scheme, such an arrangement is not considered a breach of the standard. The Supplier shall not utilise factories or production facilities that force work to be performed by unpaid or indentured labourers, nor shall the Supplier contract for the manufacture of products with subcontractors that engage in such practices or utilise such facilities.

Harassment and abuse

Likewise, the use of labour under any form of indentured servitude is prohibited, as is the use of physical punishment, confinement, threats of violence or other forms of harassment or abuse as a method of discipline or control.

4. SAFETY AND HEALTH

Workplace Environment

The Supplier shall provide employees with safe and healthy working and, where provided, safe housing conditions. As a minimum, potable drinking water, adequate sanitation, fire exits and essential safety equipment, access to emergency medical care, appropriately lit and equipped work stations must be provided. In addition, facilities must be constructed and maintained in accordance with the standards set by applicable codes and ordinances.

Product quality and safety

All products and services delivered by the Supplier must meet the quality and safety standards required by applicable law where products are marketed.

5. ENVIRONMENT

Suppliers must operate with care for the environment and ensure compliance with all applicable laws and regulations in the country where products or services are manufactured, stored and/or transported or delivered.

XXX are engaged to fully respect the environment and they require suppliers and commercial agents to comply with all applicable laws and regulations in the manufacturing and delivering countries.

Company XXX recognises the following supply chain procedures:

- The Precautionary principle¹ ;
- and/or
- Product life cycle analyses², including packaging and waste management;
- and/or
- Reduction of emissions;
- and/or
- Energy saving strategies, including use of renewable sources;
- and/or
- Environmentally efficient logistics chain;
- and/or
- Water conservation programmes.

6. SUPPLYING FARMERS

The Supplier shall ensure that supplying farmers become fully aware of the contents of the responsible sourcing standards outlined in this document as well as their meaning and implications for their farming methods. The Supplier will use appropriate communication tools within the limitations of the means that are at their disposal, which may include posters at collection and reception stations, and may provide education and training sessions as necessary.

¹ http://en.wikipedia.org/wiki/Precautionary_principle

² http://en.wikipedia.org/wiki/Life-cycle_assessment