



MEWAH GROUP

SUSTAINABLE COCONUT OIL POLICY

1.0 Introduction and Purpose

Coconut oil, or copra oil, is an edible oil extracted from the kernel or meat of mature coconut harvested from the coconut palm (*Cocos nucifera*). Coconut oil is widely marketed as a superfood. The unique composition of fatty acids in coconut oil may have positive effects on human health, such as boosting fat loss, heart health and brain function. In recent years, the wide usage of coconut oil in cosmetic, food and beverage, and pharmaceutical industries are the major applications that are driving the rapid growth of global coconut market. Philippines and Indonesia are the world's largest producers of coconut oil. As demand is outpacing supply, consumers and buyers are also seeking sustainably sourced coconut products. There are significant challenges to the production of sustainable coconut; where almost ninety-five percent of global coconut is harvested by smallholders, and ninety percent of global coconut production is in Asia Pacific. Some production challenges such as senile trees, natural disasters, disaggregated and complex value chain structures, stagnating yields, limited access to technical know-how, poor working conditions and in combination with unstable commodity market, these are the common factors lead to sustainability challenges.

Mewah recognizes the importance of sustainable sourcing of its coconut oil and wants this to form the backbone of our sourcing strategy. Responsible sourcing is an area where we seek to make a clear difference to the environment and to the local communities where the raw materials are grown and harvested. We believe that environmental sustainability can only come about by working closely with all key players in our supply chain; through close cooperation and collaboration with a broad range of multi-stakeholders including plantation groups, independent millers, smallholders, traders, processors, end-users, governments, non-governmental organisations (NGOs), financial institutions and other major industry stakeholders.

2.0 The Objectives of the Sustainable Coconut Oil Policy

This policy applies to all coconut oil and coconut products, that Mewah consumes, processes and trades.

There are four specific objectives in our Sustainable Coconut Oil's commitments:

- 1) Improving smallholder livelihoods and incomes
 - a) To support diversification of farmer incomes by intercropping with higher value crops and make full use of nut by products.
 - b) To encourage mitigation of investment risk through strong partnerships with agricultural support providers, processors and buyers.
 - c) To support coconuts processing at community level as much as possible to simplify the supply chain and alleviate influence of middleman.
- 2) Improving productivity
 - a) To provide and support farmer training program to acquire good agricultural practices such as fertilizer application and mulching.
 - b) To provide technical know-how in improving production process efficiencies.

- 3) Enhancing supply chain traceability
 - a) To proactively identify the origins of raw materials production.

- 4) Reducing deforestation and encroachment
 - a) To support farmers with good agricultural practices to increase the productivity of existing plantations and not to expand planting to new forest areas.
 - b) To learn from the new planting procedures developed with reference to the Sustainable Coconut Charter. Adopt a jurisdictional approach and establish community-based monitoring systems and standards/criteria linked to traceability.
 - c) To actively engage with farmers to raise awareness of Sustainable Coconut Oil.

- 5) Respect rights of indigenous people and local communities to give or withhold Free, Prior & Informed Consent (FPIC) where coconut plantation development take place.

- 6) Respect human rights and to ensure the protection of the rights of all workers. This includes:
 - a) To ensure elimination of forced, convict, bonded (including debt bondage) or indentured labour throughout the supply chain.
 - b) To respect and protection for the rights of children and their welfare. No child labour or any forms of child exploitation and child abuse are tolerated throughout the supply chain.

3.0 Our Commitment

At Mewah, we believe that a profitable and sustainable coconut oil sector must achieve the right balance of social, environmental and economic objectives. We are determined to work with multi-stakeholders to realize every commitment stated in this policy. We also recognize that inclusion of smallholders in a sustainable supply chain is a significant challenge. Therefore, we endeavour to assist smallholders to adopt sustainable practices and to facilitate their inclusion in our supply chain.

We will expect all our direct coconut oil suppliers to comply with Mewah Group's Sustainable Coconut Oil Policy. To ensure successful implementation of this policy, we will proactively engage with our suppliers on this policy's requirement and carry out on-site verification audit. We shall undertake to investigate, and if necessary, take immediate remedial action to correct any violations when made known to the Group.