



2020

Sustainability Report

Alphonsa Cashew Industries is part of the family business that was started by my late father Oommen Geevarghese in 1958. Being part of a family business operating for over 60 years, a long-term perspective and a strong set of values are part of our core identity and have been crucial to our journey so far.

Babu Oommen
Chairman of Alphonsa Cashew Industries



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PUTHOOR

Alphonsa Cashew Industries

Manufacturers, Exporters and Importers
PUTHOOR, P. O. 691 507
Via. QUILON - S. INDIA.

Codes Used:
ACME & PRIVATE

Date 28th May, 1987

10.5.1987 FROM THE BANK FOR T
28th

41,238-59

The Manager,
The Catholic Syrian Bank Ltd.,
Quilon.

Sir,

We are enclosing herewith our
Export Bill No. 2/87-88 dated 28.5.87
for Rs. 8,41,238.59 being the proceeds
of shipment of 440 cases of cashew
kernels to Odessa.

We shall be much thankful to you
if you would kindly arrange to nego-
tiate the same and may credit the
proceeds in our account.

Thanking you,

Yours faithfully

Further
The above Invoice and its
on favour of
order Letter

The Letter

Today, the world is facing unprecedented challenges never seen in the human history caused by the COVID-19 pandemic. Yet, as a company that deals with cashew, a super nut that helps consumers stay healthy, our purpose for existence is important and needed now, more than ever.

2019 and 2020 have been years that have had significant impact on our operations due to COVID-19. Yet, we as a company stood together to weather this pandemic. As a gratitude to our employees who have been with us through thick and thin, we decided not to retrench any employees or cut their salary.

This has also been a year where we made significant investments on key pillars of our sustainability journey, the biggest one of which is the roll out of our Farmer Management System in 6 origins aimed at making our procurement more sustainable and responsible. We believe this will be a revolutionary step towards developing fully transparent and traceable sourcing networks. You can read more about this on Page 30.

Our new Pasteurisation and Packing Complex which is currently undergoing final stages of construction will house the best equipments in Pasteurisation, Packing and Food Safety. We believe this will help us facilitate the rapid rise of food safety requirements around the world.

Certification continues to be an important marker of how we are putting our words into action. Preliminary works for upgrading the current FSSC 22000 to BRC has already begun we expect our processing facilities to be certified BRC in 2021. In Social Audit, the certification process for Sedex SMETA 4P is under progress. If it had not been for delays caused by the pandemic, we would have been certified by now.

We have identified our vendors to be our partners in helping us set ambitious sustainability goals in areas where we clearly need their support. This year, we were able to achieve one such ambitious goal when we decided to use only FSC certified fibres on our corrugated boxes. You can read more about this on Page 42.

Realising the importance of reaching beyond our internal boundaries to a variety of stakeholders to help us build a sustainable cashew value chain, we joined Sustainable Nut Initiative (SNI), a pre-completive platform consisting of the leading players in the cashew value chain. You can read more about our participation and why we decided to join them on Page 36.

While we started reporting our sustainability progress from 2019 onwards as part of our commitment towards UN Global Compact, we decided to upgrade from the regular Communication on Progress (COP) we did in 2019 to a wider and comprehensive Sustainability Report this year that follows high standards of transparency and disclosure. This report is complied in accordance with the GRI G4 Standards.

The legacy passed on by the founding fathers, who have shown us the way forward to build a sustainable future, continue to inspire and invigorate everyone at Alphonsa Cashew Industries every single day. We still have much to do to reach the ambitious goal of making the cashew value chain, truly sustainable and responsible especially now with the additional challenges posed by the pandemic.

Going forward, our priority will be to take every necessary measure to protect the health and wellbeing of our people as they continue to ensure the consumers have steady access to safe and healthy cashew nuts.

I hope the humanity is able to resurrect from this pandemic stronger and united than ever. Godspeed.



Ebin Babu Oommen
Chief Executive Officer

4th June 2021

A provenance built on faith and trust.

This is a story of time-honoured excellence, the story of Alphonsa Cashew Industries.

Alphonsa Cashew Industries is one of the leading procurer, processor and exporter of cashew and cashew-based products.

We have an ownership or active engagement in all stages of the cashew value chain starting from procurement of the highest quality raw cashew nut at the farm-gate level from 6 origins to in-house processing in 13 processing facilities in India and distribution of superior quality cashew kernels to over 300 customers spread across 43 countries worldwide. Cochin Chamber of Commerce, one of the most reputed Chamber of Commerce in India, ranks us among the top 10 shippers of cashew from India. We are uniquely positioned to provide the finest quality fully traceable cashew kernels that have been procured sustainably and processed responsibly to our diverse customers worldwide.

Eminent Provenance

The family has been in the cashew business since 1958. Alphonsa Cashew Industries was established as an independent business in 1986 by Babu Oommen under the patronage of his father and founder of the family business, Oommen Geevarghese.

Alphonsa's heritage in the cashew industry is rooted in a long tradition of trust and confidence.

As a family-owned business, we are committed to staying true to our illustrious roots and doing business with integrity. Alphonsa has been built on strongly embraced values of honesty and commitment, values ingrained in us by Oommen, and Babu, passionate about the business, added passion as our third value. These values remain rooted in our culture to this day and have been fundamental to our growth and continue to be key drivers of our business. They define our approach to building relationships and partnerships based on trust and ensure we uphold the highest ethical standards and balance reliability with sustainable and responsible business practices.

Our Value Chain

Having ownership or active engagement at every stage of the cashew value chain has helped us build an integrated cashew supply chain that is both sustainable and responsible.

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Profound presence across the cashew value chain.

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Procurement

Our expertise and mastery start at the origin helping us procure cashews with heart and soul.

Our profound knowledge and experience help us to consistently procure high-quality produce from growers and aggregators who cherish the long term relationship we have cultivated over the years.

Alphonsa is one of the largest direct procurers of raw cashew nuts at the farm- gate level on the actual-user basis with a unique procurement footprint spread across West and East Africa. Direct procurement at the farm-gate level was a natural step for us to secure our supply chain and to establish consistent quality standards for our cashew kernels. In line with our vision to vertically integrate our business and to create one of the most comprehensive traceability systems in the cashew industry, we started our Direct Procurement Programme in 2010 with our first procurement centre being set up in Sampa, one of the most prominent cashews producing region in Ghana. This was followed by us expanding our direct sourcing footprint to Senegal, Côte d'Ivoire, Gambia, Tanzania and Guinea Bissau. Direct Procurement Programme is an initiative where our expert team of buyers supervises all procurement and quality-related activities at the origin.

Spirit of cooperation

Our procurement business is deeply rooted in the spirit of cooperation that guides our relationship built on trust and principle of shared success with growers, aggregators, cooperatives and suppliers. We consider them as salient partners in our business. Our team of buyers at the origin regularly visit the smallholder farmers and take the time to get to know them and their families, resulting in a strong bond between our people and the farmers. We are committed to ensuring that all our raw cashew nuts are procured sustainably and responsibly in a way that respects both people and the environment. We work in partnership with our local growers and suppliers at farm-gate to transform the way we procure and create value for all the stakeholders in the value chain. Our primary goal is to secure our supply chain while embodying trust and confidence in our sourcing relationship.

Finest quality cashew kernels with superior sensory properties mostly depend on the quality of the raw cashew nuts. While there are around 20 cashew producing

origins, we have limited our direct procurement to 6 master origins that offer some of the most exceptional raw cashew nuts in the world. Our trained and experienced procurement team at origins work with growers and aggregators to source the finest quality raw cashews, a craft mastered by our team of buyers.

Our physical presence across the selected origins in East and West Africa allows us to source the raw cashew nuts from as close to the farm as possible, ensuring only the finest of the raw cashew nuts are processed at our factories.



Storage and Transport

Managing cashew movements across the value chain.

Our capability and competitive edge in maritime transport and in-land haulage ensure reliable and timely delivery of raw cashew to our processing facilities and processed cashew kernels to our cherished customers worldwide.

Although processing is the heart of our business, the distinctive feature of our business model is that we are able to add value at every stage of the cashew value chain, especially in storage and transport. Throughout our journey, we have developed deep expertise in efficiently transporting cashew, both raw and kernel between continents and across countries. We use an integrated transport and logistics model that covers the entire supply chain from transporting raw cashew nuts from up-country farms in Africa to distributing cashew kernels to destination markets worldwide.

Our storage facilities span across 6 origins and 13 processing locations giving us complete control of the raw cashew stock and help us to mitigate risks in the value chain.

Exclusive contractual agreements with numerous shipping lines and in-land logistics companies enable us to efficiently manage the multi-modal transportation that is required for quick and secure delivery of raw cashews from up-country farms in Africa to various origin ports and finally to our processing facilities in India.

We are able to manage and control most of the product journey in-house. The in-house management of shipping operations in origin and processing countries allows us to organise and plan every detail of the supply chain. It empowers us to move the cargo as securely and quickly as possible. The efficient management and co-ordination of shipment both from producing and processing origins coupled with our expertise in freighting are essential to our operations for quick turnaround of raw cashew to cashew kernels. This always results in cashew kernels having superior sensory properties and increases the proportion of shelf life available to our buyers.

Our network of up-country procurement infrastructure in origin and support facilities at our processing destination facilitates the efficient movement of cashews across countries.

Authorised Economic Operator

Alphonsa Cashew Industries has been awarded Authorised Economic Operator (AEO) Tier 2 Status by the Directorate of International Customs, Government of India. We are the first company from the Indian cashew industry to be awarded the AEO Tier 2 Status. The program is regarded as a globally recognised quality mark that shows strong commitment towards securing international supply chains and in complying with World Customs Organisations' SAFE Framework of Standards. The status is granted by the Central Board of Indirect Taxes and Customs (CBIC) and the companies that achieve AEO status are considered a more secure and reliable business partner and get to operate with certain privileges.

AEO is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and facilitate Global Trade. The programme aims to enhance international supply chain security and facilitate movement of legitimate goods. Mutual Recognition of AEOs is a key element of the WCO SAFE Framework to strengthen end-to-end security of supply chains and to multiply benefits for traders at a global level.



Process

Perfecting the art of cashew processing.

Our processing methods involve proprietary practices and systems that have been carefully fine-tuned over generations to manufacture the finest quality cashew kernels with superior sensory properties.

Our pioneers understood the importance of always going beyond the expectations of our customers by being unwaveringly reliable and offering the finest quality cashew kernels. A key factor in achieving this was to integrate operational excellence and superior processing methods into our business processes.

From Farm to Factory

We started by going directly to the farmers at origins to procure the highest quality raw cashew nuts for producing the finest quality cashew kernels. Today, 100% of raw cashew we process are procured directly at the farm-gate to ensure the highest quality and complete traceability of the supply chain while rest are supplied by large certified raw cashew trading companies. Quality of the cashew kernel is mainly dependent on the raw cashew nut and on the processing methods, something which we have perfected over generations.

We place great emphasis on maintaining the highest standards

at every stage of our production processes and are firm believers of responsible processing. Being a highly labour intensive process, we believe our people are our most precious and vital resource. As a result, investing in and ensuring their safety and well being has always been a top priority for us. The Industrial Safety and Health Awards won by us over the years truly reflects our commitment and stands as a testimony to our dedication. Besides adhering to all current labour regulations, we go well beyond these to ensure our people enjoy a safe and healthy work environment. We are signatories of the United Nations Global Compact which aligns businesses to universal principles on human rights, labour, environment and anti-corruption. We are committed to being an Equal Opportunity Employer where all our employees can thrive are treated with fairness, equality and respect irrespective of their gender, religion and ethnic background. All of our processing facilities are located in rural communities and provide direct employees to thousands of women empowering them to uplift themselves and their families. Around 93% of our total workforce are women, and we are proud and committed to keeping it that way.

All production processes from

shelling to grading are done in-house at our own fully-fledged 13 processing facilities, located in Kerala and Tamil Nadu, southern states in India. Our production facilities are certified with various quality management, food safety, ethical and social certifications by internationally renowned audit firms. We do not outsource any component of the production process at any stage to ensure the quality and safety of cashew kernels.

Every single cashew nut we process, embodies the love and passion we have towards perfecting the artistry of cashew processing.



Distribution

Going beyond the expectations of our customers.

Our unique approach to supplying the finest quality cashew along with prime certifications and impeccable track record has made us a preferred supplier to many of the world's most prominent snacking and nut brands.

We have been serving the world with the finest quality cashews since 1986, a tradition we prudently follow wholeheartedly. Our customers - global, international, regional and local are at the heart of our business, a relationship cherished and valued by us. We are always by their side, striving to be ahead of their objectives, expectations and aspirations ranging from food safety and quality management to sustainability, responsibility and traceability initiatives.

Our customers span across key segments in the food and beverage industry, including confectionery, sweet goods, savoury and snacks. We leverage our expertise of the cashew value chain to offer our customers the finest quality, thoughtfully sourced and responsibly processed fully traceable cashew nuts helping them grow their market-leading brands. We bring knowledge and information to our customers about cashew crop, origins and seasonal variations keeping our customers up to date

about the latest developments in the cashew industry, greatly helping them to strategise and devise plans for their business operations. This is backed by our insights of the global cashew crop refined by an experience of close to six decades in the industry.

Industry Leading Grades and Standards

Our grades and specifications always outmatch the industry standard and are consistently valued by our quality-driven customers worldwide. We developed our proprietary cashew standards and implemented it to allow our customers to experience and discover higher standards of cashew kernels, superior to what is available on the global market.

The broad procurement origins in both northern and southern hemispheres ensure and uninterrupted supply of raw cashew nuts, thus providing our customers with a reliable all-year-round supply of cashew kernels. Owing to our expertise and high standards in the procurement process, we are also suppliers of high quality and sustainably sourced raw cashew nuts to many other small, medium and large processors in India.

Our integrated operations spanning across the cashew value chain enables us to have more control over sustainability, responsibility and traceability initiatives greatly helping our customers achieve their goals and exceed compliance requirements.

Many of our customers have been doing business with us for over 60 years, a true testimony to the true spirit of time-honoured relationships.



Our values are the heart of everything we do.

We are traditional independent family business with the commitment of of the founders inspiring us. Our values shape our culture and define the character of our company. They guide how we behave and make decisions.

Passion

We are a family that has been involved in the cashew business for generations, and this calling has become a passion for us now, a passion deeply ingrained in us. A passion to consistently deliver the finest quality cashews, a passion for growing along with our suppliers and customers and finally, a passion for always going beyond the expectations of our customers.

Commitment

We are committed to building relationships founded on trust and faith with our stakeholders at every stage of the value chain. We are resolute in our determination to achieve perfection and excellence in everything we do.

Honesty

We base our relationships with all our employees, suppliers and customers on the foundation of truthfulness and openness. We firmly believe that this will pave the way for relationships immersed in trust and faith. Our actions are bound by honesty and integrity, and we always strive to do what is fair and right for our stakeholders.






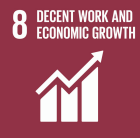
Reaffirming Our Commitment

Doing business in a sustainable and responsible way has been a passion for us because being a family business, we truly understand the importance of saving for the next generation.



Embedding UN Sustainable Development Goals (SDG) into our business model.

UN SDG	Priority Targets to which we contribute to	Our Action
	<p>Target 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.</p> <p>Target 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.</p>	<p>As a leading processor of cashew, we support the communities where we operate, both as an employer to thousands of employees and as a trusted, long-term partner to local suppliers and other value chain actors.</p> <p>Through our Direct Procurement Program, we also provide support to thousands of smallholder farmers across 6 origins in West and East Africa, helping to improve their incomes, provide access to markets and introduce more sustainable and responsible farming practices. In addition to these thousands of indirect employment are created by way of our direct procurement from origins.</p>
	<p>Target 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.</p> <p>Target 2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p> <p>Target 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p>	<p>As the world moves into plant-based protein sources, nuts especially cashews can play prime roles in improving nutrition of the global population in a sustainable and responsible manner.</p> <p>Direct and indirect employment we provide at every stage of our value chain enables them to uplift themselves and their entire household out of poverty and hunger. Our impact on the economic growth of individuals will result in better and more nutritional and healthy food for the their families.</p>

UN SDG	Priority Targets to which we contribute to	Our Action
	<p>Target 5.1 End all forms of discrimination against all women and girls everywhere.</p> <p>Target 5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.</p> <p>Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<p>Around 93% of our total workforce are women, and we are proud and committed to keeping it that way. All of our processing facilities are located in rural communities and provide direct employees to thousands of women empowering them to uplift themselves and their families.</p> <p>Our procurement happens in rural communities in Africa and provide indirect employment to thousands of both men and women empowering them to uplift themselves and their families. Women are coming to the forefront of cashew farming in many African origins.</p>
	<p>Target 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.</p> <p>Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>Target 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p> <p>Target 8.9 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>We contribute to economic empowerment by creating jobs in rural areas and partnering with local suppliers in India and Africa. As part of our commitment to Sustainable and Responsible Processing, we ensure fair labor practices across our businesses and we work toward our goals of building and maintaining a supply chains that are free from forced and child labor, and an inclusive workplace that respects diversity in all its forms.</p>

**Target 9.1**

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Target 9.2

Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

Target 9.3

Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

Target 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

We are constantly innovating our processes and infrastructure to meet the latest food safety standards and also to embed sustainability principles into our value chain.

We have our own and leased Procurement infrastructure in all origins where we operate. Our 13 processing facilities in India, with 5 in Kerala and 8 in Tamil Nadu, all located in rural communities together employs around 2800 Full Time employees with about 93% of them being women. Majority of our employees are from marginalised societies, giving them an opportunity to earn a dignified livelihood.

**Target 12.3**

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Target 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Our Sustainability and Responsibility Policies and procedures helps us ensure that our value chain adopts and maintains sustainable and responsible business practices across all stages of the cashew value chain. Our complete traceability of cashews is of prime importance to responsible consumption and production.

Our world-class certifications acts as an independent monitor to ensure our cashew nuts are produced sustainably and responsibly.

Our investment in the new Pasteurisation and Packing Complex will result in all products being pasteurised with 5 Log reductions, ensuring microbiologically safe cashew nuts.



COVID-19 Response

We believe how we behave and what we do now,
echoes in life after COVID-19.

We are committed to rise up to the challenge in a responsible and humanely manner.

Alphonsa Cashew Industries has been a trusted and valued supplier to customers worldwide for over 60 years because we deliver safe, high-quality cashew even when external events or circumstances challenge us. We are fully committed to maintaining these high standards as the circumstances surrounding the COVID-19 pandemic event continue to evolve. Since the beginning of this pandemic, we have activated appropriate measures and precautions to protect ourselves, our partners, and our customers while ensuring necessary supplies of our products.

Our thoughts are with all those who have been impacted by the coronavirus, especially those who are sick and under medical care. We are inspired by the immense contributions of medical professionals and essential workers whose selfless efforts are helping ensure that people around the world are cared for, and their basic needs for surviving this challenge are met respectfully.

Our People

Our People are at the heart of our business. Therefore, the health and safety of our employees, business partners and the communities where we operate are extremely important for us.

We are working hard with our employees to ensure their health and safety, and prevent further spread of the virus.

Dedicated cross-functional teams lead our efforts in the battle against COVID-19 who monitor developments, coordinate prevention efforts, communicate with and guide employees at offices and origins, as well as ensure that appropriate equipment and processes are in place to keep our employees and operations safe, in a fast-evolving environment.

We continue to ensure safe operations at every processing facility. We have introduced and strengthened various measures as per international accepted protocols to increase hygienic levels and social distancing in order to protect our employees and safeguard the production process. When and where possible, we are beginning to return to standard operations in a gradual and differentiated manner that enables us to quickly retighten restrictions if needed.

Migrant Workers

We have a significant number of migrant labours working at our processing facilities in Kerala and Tamil Nadu.

When the pandemic hit, migrant labours were the most affected as they were unable to return home as the country was under total lockdown.

We offered all of our migrant colleagues free accommodation and free food of their choice during the entire period of the country-wide lockdown.

Our Customers

We are working closely with our customers to ensure that business flows smoothly and is able to adapt to any changes in the external environment. We are trying to maintain uninterrupted deliveries to our customers by managing logistics and transportation schedules and working closely with our logistics partners to ensure the ability to transport our good quickly through our preferred shipping lines and other networks.

Our Suppliers

Our Procurement Team at Origins is working closely with our suppliers in West Africa, most of whom are smallholder farmers to overcome this pandemic challenges. We have also instituted active communications with our suppliers to monitor daily purchase and inventory levels at origin and remain alert to any potential supply chain disruptions.

We are committed to supporting farmer livelihoods and communities by continuing our sourcing business as usual while taking extra precaution during the procurement activities.

Our Community

As part of our purpose to create fair and sustainable value wherever we operate, we are also engaged in supporting local communities, where COVID-19 has an impact on health services and the most vulnerable. Support is being given to local charities & organisations, and others through cash donations for food and medical supplies.

As our processing facilities are located mostly in rural areas, most of our employees come from the local community. Health and Safety training and awareness classes that are given to our employees on regular intervals have a ripple effect on the local community by way of our employees spreading awareness and knowledge to stay healthy and safe during this pandemic.

0 Retrenchment

None of our employees were laid-off as a result of COVID-19's impact on our business.

0% Salary Cut

We decided not to cut back salaries of our employees even though our business volumes were significantly impacted by the COVID-19 pandemic.

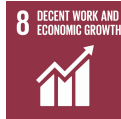
Free Food and Accommodation

All of our Migrant Workers who were unable to go home during the Government declared nationwide lockdown, were provided with free food and accommodation during the entire lockdown period.



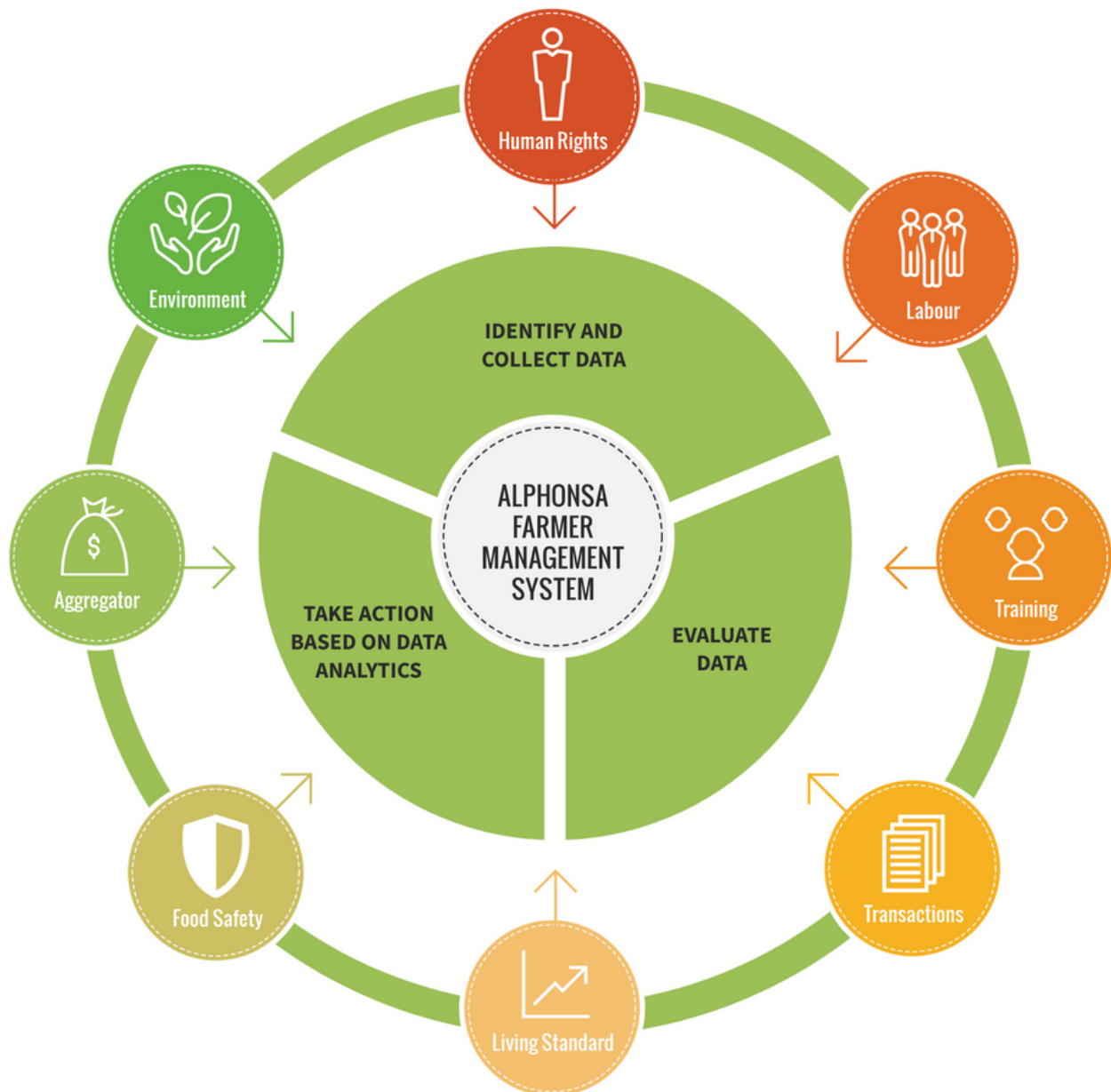
Farmer Management System

The future of data-driven innovation in transparency and traceability.



A revolutionary step towards developing fully transparent and traceable sourcing networks.

Farmer Management System (FMS) is a cloud application that comes under the sphere of our Procurement Management System, a powerful gamut of applications that is the prime enabler of our Direct Procurement Program giving us and our customers complete visibility over the supply chain. FMS has been built in-house using a comprehensive framework that includes metrics from Sustainability and Responsibility parameters including Food Safety, Social, Environment, Labour, Human Rights and Economic indicators. The system draws insights from our extensive years of experience on the ground in six origins spread across West and East Africa.





8 Key Metrics' of our Farmer Management System.

Human Rights

Improved visibility in sourcing networks through FMS will help us in fighting human right abuses in our supply chain. All farmer suppliers must abide by and respect the protection of internationally proclaimed human rights.

Labour

Labour standards adopted by the farmer should be consistent with the ILO regulations. FMS can identify if Child Labor or any Forced/Bonded labour is used in the farms and can quickly take steps to remediate any non-conformance.

Training

A cashew farmer needs to be trained in a variety of modules including Crop Quality and Management, GAP, Soil BMP etc. FMS can help us target farmers who need training and direct necessary resources towards helping him manage his farm better.

Transactions

All first-mile transaction data are recorded in our Procurement Management System which is automatically shared with FMS. Transactions summaries and statistical data can help in identifying yield changes and direct resources targeted at the root cause of the problem.



Food Safety

FMS will give complete visibility on the fertilisers and pesticides used by our farmer suppliers. Pesticides are widely used in producing cashew to control pests. Data gathered by FMS will detect and prevent any banned or harmful pesticide from getting into the food chain.

Aggregator

Aggregator acts as a first-mile intermediary between small scale farmers and us. Aggregator data helps us to divide our supplier network into collective groups and implement support systems and direct resources customised for each group.

Living Standard

We aim to combat poverty for our farmers and uplift his household to relatively higher standards of living. Living Standards of the farmer and his family is an important metric in understanding the impact of his relationship with us.

Environment

Environment Protection metrics can help us identify any non-conformance and help the farmer in adopting sustainable and responsible management of the natural resources he depends on for his livelihood.

Empowering the First-mile through our Farmer Management System

We realise that supporting smallholders and subsistence farmers alone are not enough. It has become clear that supporting the smallest scale farmers requires taking clear actions based on data analytics. The focus has to be on both farm production and the linkages between that production and wider markets along with other sustainability metrics.

The economy in Africa is very heavily reliant on small-scale, private and mostly rural agriculture. By far the majority of employment and earning is done at a family scale, with farmers and smallholders depending on their crops and livestock farming for their livelihoods.

In many major raw cashew origins, 80% of the population depends on agriculture. More than 80% of farmers engaged in agricultural activities are smallholders with less than two hectares of productive land. Many smallholders work at subsistence levels, and women constitute the majority of farmers, producing more than 70% of the food. When agribusinesses are strengthened in the region, there are also a number of additional positive impacts for small scale farmers and underserved communities, as well as for the SMEs themselves and for the wider economy.

When agriculture is able to grow at a local level, farmers are able to earn more capital that can be reinvested

locally, enhancing capacity and efficiency and growing returns. Families are able to move from subsistence farming into more profitable farming businesses. Women farmers' access to better markets facilitates greater spending on family welfare, nutrition, and girls' education.



70
DATA POINTS



100%
DIRECT PROCUREMENT



8
KEY METRICS



100%
MIGRATION BY 2025



DEPLOYED IN
6 ORIGINS



PRIME ENABLER OF
SUSTAINABLE
PROCUREMENT



Sustainable Nut Initiative

A sustainable partnership rooted in a deep desire for creating a sustainable cashew value chain.



Alphonsa Cashew Industries reaffirms its commitment to sustainability by partnering with Sustainable Nut Initiative (SNI) to promote a sustainable and responsible cashew value chain.

Alphonsa Cashew Industries officially became a member of Sustainable Nut Initiative (SNI) on 6 July 2020. The Sustainable Nut Initiative (SNI) is a cooperation platform for the nut sector where all links of the supply chain are represented. SNI's aim is to bring the nut sector to a higher level in terms of professionalism, sustainability and quality. With the support of IDH and FairMatch Support, SNI was founded in 2015 by a number of front running private sector parties. They shared the deep-rooted desire to improve the circumstances in nut producing countries and work towards sustainable supply chains. SNI's members are committed to improve the transparency in the nut chain, strengthening the relationship with farmer cooperatives and working towards volume and quality improvement.

Current trade members from the industry include Intersnack, Lidl, Aldi, Olam, Lorenz Snack-World,

Besana, Ahold Delhaize, Anatrans, Nuts2, Red River Foods and Afokantan Benin Cashew.

Sustainable Nut Initiative is supported by IDH and Fairmatch Support.

The Sustainable Trade Initiative

IDH, The Sustainable Trade Initiative, with headquarters in the Netherlands brings governments, companies, CSOs and financiers together in action driven coalitions. IDH brings together the powers of law, of entrepreneurship and investments to work together to create solutions for global sustainability issues at scale.

IDH is supported and endorsed by multiple European governments, including institutional donors: BUZA (The Netherlands) SECO (Switzerland) and DANIDA (Denmark). Other donors and funders are (e.g.) NICFI (Norway),

DFID (UK), USAID (US), Rockefeller, and the Bill & Melinda Gates Foundation.

FairMatch Support

FairMatch Support (FMS) was founded in 2007 with the objective to create new opportunities in developing sustainable supply chains 'from field to fork'. Over the past 13 years FMS gained extensive experience in developing, improving and expanding sustainable and future proof value chains in developing countries. FMS has created their own approach resulting in tangible improvements in a range of supply chains like cocoa, nuts, fruits and vegetables.

Excerpts from the conversation Sustainable Nut Initiative had with Ebin Babu Oommen, CEO of Alphonsa Cashew Industries

SNI: Why do you think an Initiative like SNI is important?

Ebin: Food production is the biggest source of greenhouse gas emissions and the primary contributor to ecosystem destruction and biodiversity loss. By 2050, it's estimated that the global population will have risen to 10 billion, placing an even greater strain on the planet's food production systems. Two-year research efforts of an EAT-Lancet Commission on healthy diets and sustainable food systems just concluded that it would be impossible to put a brake on current climate change and biodiversity loss trends unless drastic dietary changes are made. It found that the consumption of unhealthy foods, particularly red meats, must be reduced by at least 50%. Simultaneously, a significant dietary shift towards other protein sources like nuts, fruits and vegetables must increase by more than 100%, all whilst completely stopping any further expansion of agricultural lands. I believe an initiative like SNI could bring industry players together on a pre-competitive platform to bring about sustainable solutions that can catalyse this dietary shift to a great extent and also help the industry reap the benefits from this paradigm shift.

SNI: Why did Alphonsa join SNI?

Ebin: We realise the importance of reaching beyond our internal boundaries to a variety of external stakeholders for embedding sustainability principles into our business core and consider sustainability and responsibility as key enablers of our overall business strategy. Sustainability can be unlocked only through robust partnerships. We have been using cross-sector partnerships to address sustainability issues across our value chain and felt we needed to be part of a forum that is exclusive to the cashew industry reflecting the reality that we cannot achieve our sustainability objectives without widespread support and cooperation. We recently announced the deployment of our Farmer Management System (FMS) in Ghana, that will later be deployed across all sourcing origins. We believe this will be a revolutionary step towards developing fully transparent and traceable sourcing networks and will help us in empowering the first-mile actors.

To take this one step forward, we would need collaboration with various actors in the cashew value chain, and we believe this can be achieved through our participation in the Sustainability Nut Initiative.

SNI: What is the main challenge for Alphonsa Cashew Industries?

Ebin: One of the major challenges we face today is the lack of stakeholder engagement. Buyers' and Retailers' often fail to see value in investing in building a sustainable cashew supply network. To embed sustainability into the cashew value chain, all the actors need to come together and support each other. A single company cannot be expected to fight alone against the problematic labour or environmental practices of the global cashew supply chain. Only a cohesive effort will truly result in a sustainable and responsible value chain.

SNI: What SNI can bring to tackle this challenge?

Ebin: SNI can bring together various supply chain actors at different stages of the cashew value chain together on a pre-competitive platform and work towards sustainable solutions for the betterment of the industry stakeholders. A cross-sector organisation like SNI could develop and disseminate industrywide sustainability standards because collaborative initiatives have many benefits. They can increase efficiencies for global supply chain actors, who can use a standardised self-assessment or audit to satisfy many customers rather than comply with a dozen different sustainability frameworks developed by individual companies. This makes it economically feasible for companies to embed sustainability principles into their business process.

SNI: What is your expectation of SNI?

Ebin: SNI, which currently focuses on the cashew industry, is better equipped to drive sustainable growth in this industry. The strategic value of any sustainability initiative comes from the need to continually talk with and learn from key stakeholders that are spread across the cashew value chain, and we believe SNI is the perfect platform in bringing the various supply chain actors together and developing solutions for a sustainable and responsible cashew industry.



Integrity Helpline

Our new online platform for our employees and other stakeholders to report fraud, abuse, wrongdoing or misconduct anonymously.



Alphonsa Cashew Industries is built on our collective commitment to operating in an ethical and lawful manner to maintain the integrity of our business.

We believe that maintaining a culture where open dialogue is encouraged and supported leads to a more productive, cohesive, enjoyable and respectful work environment. As a result, Alphonsa supports open door communication and encourages our employees and other stakeholders to attempt to resolve concerns, problems or issues that involve the work and business environment.

Alphonsa Cashew Industries' Integrity Helpline (accessible from integrity.alphonsacashew.com) is a comprehensive and confidential reporting tool to assist management and employees in working together to address fraud, abuse and other misconduct in the workplace. Alphonsa is focused on cultivating a positive work environment. The Integrity Helpline, which is operated at the highest level of management, is open 24 hours a day, seven days a week, 365 days a year and offers services in 4 languages, including the languages spoken in each state in which Alphonsa has its processing facilities.

Alphonsa Cashew Industries offers its reporting mechanisms to anyone inside or outside the organisation that becomes aware of (potential) misconduct related to Alphonsa Cashew Industries.

Anti-Retaliation Policy

Alphonsa Cashew Industries is committed to maintaining a work environment that is free of harassment, intimidation, discrimination and retaliation for engaging in protected activity such as reporting violations or participating in an investigation pertaining to alleged violations of laws, the Code, policies, or procedures. Crucial to these objectives is promoting an atmosphere where employees and others feel safe to engage in frank, honest communication – raising questions or concerns at any time without fear of retaliation.

Employees reporting a Whistleblowing event in good faith, based upon a reasonable belief, are protected from discrimination, harassment or retaliation of any kind for making the report. No employee may demote, discharge, harass, suspend, threaten, or in any other manner discriminate or retaliate against an employee for raising issues or asking questions, making reports, participating in an investigation, refuse to participate in suspected improper or wrongful activities. Alphonsa Cashew Industries prohibits retaliation even if the concerns raised are not confirmed following an investigation.



INTEGRITY HELPLINE IS AVAILABLE IN 4 REGIONAL LANGUAGES, ENGLISH, MALAYALAM, TAMIL AND HINDI, MAKING IT EASIER FOR OUR EMPLOYEES TO ACCESS AND COMPREHEND.



MULTI-DEVICE COMPATIBILITY

Sustainable Packaging

Alphonsa Cashew Industries commits to using only Forest Stewardship Council (FSC) Certified fibres in its paper packaging.



As a result of our commitment, 100% percent of the fibre used in our paper packaging now comes from FSC Chain-of-Custody Certified Sources.

Forests are a wonderful natural resource. However overexploitation and deforestation for alternative land uses and illegal logging are contributing to a net decline of global forest resources. The global decline and degradation of working forests is concerning given the increasing global demand for forest products and the additional value that forests provide, including habitat for wildlife, improved air and water quality, climate regulation, and job opportunities.

To play a role in reversing this negative trend, Alphonso Cashew Industries is committed to efficiently using and responsibly sourcing materials for our paper packaging, and increasing the use of recycled materials. These efforts contribute to building a sustainable and responsible cashew value chain and improving our environmental footprint. This commitment is further enhanced by Alphonso's willingness to invest in compliance to ensure that our suppliers are meeting the stringent specification.

Because virgin fibre remains necessary to meet our structural and design requirements, responsible sourcing of this fibre is an essential piece of our environmental strategy for packaging. To support our responsible sourcing goal, we recently enhanced Alphonso's fibre specification for even more

responsible and transparent sourcing practices for all fibres used in product packaging.

Our updated specification requires that all wood fibres used in packaging applications be derived entirely from sources certified to or endorsed by the Forest Stewardship Council (FSC).

Forest Stewardship Council (FSC) Chain-of-Custody

We require our paper packaging material suppliers to have FSC Chain-of-Custody Certification to ensure that forest products could be traced back to the forest of origin. The chain of custody represents all steps a material goes through from the time it leaves the forest or is recycled to the time the material is sold with a claim of responsible production. Because materials may change ownership many times throughout processing and distribution, tracing materials to their source requires diligence. FSC offer verifications that a product has been successfully traced back through the steps in the chain of custody, providing a valuable assurance.

Working with our Vendors

Despite the relatively recent implementation of the updated specification, 100% of the paper

used in Alphonso's packaging now comes from responsibly managed forests certified by FSC.

We believe in working with our vendors towards building a sustainable and responsible cashew value chain. This change towards moving into sustainable sources of paper for our packaging requirements were made possible by relentless efforts by our vendors.

Sustainable Value Chain

Embedding Sustainability and Responsibility into our
Value Chain.





Sustainable Procurement

We maintain high ethical standards with our suppliers, including smallholder farmers and farm-gate aggregators. Raw cashew nuts are predominately grown in economically fragile areas. Our intent is to procure the nuts in a manner that safeguards the communities' social fabric and environmental resources.

25



Sustainable Processing

Keeping our people safe is our first and primary responsibility as a company. Safety at work is a fundamental human right, and workplace conditions directly influence workers as well as their families. Our Code of Conduct is consistent with the UN's declaration of Human Rights and International Labour Organisation conventions.

30



Sustainable Distribution

We are committed to creating a sustainable and responsible supply chain that helps us to distribute safe cashew nuts worldwide in a way that respects the environment. Our commitment includes our constant efforts to reduce our carbon footprint and bring in sustainable and responsible practices in physical transportation, warehousing, packaging and labelling.

32



Sustainable Procurement

We maintain high ethical standards with our suppliers, including smallholder farmers and farm-gate aggregators.

SUSTAINABLE
DEVELOPMENT
GOALS



Target Progress in Procurement

Migrate all Farmers and Farmer Data into Farmer Management System

Completion: 2025

Progress: New

Disseminate information about Good Agricultural Practices amongst all farmers

Completion: 2025

Progress: New

Achieve 100% Traceability upto Aggregator Level at Origin

Completion: 2020

Progress: Completed

Train all Aggregators in RCN Quality (Outturn) Testing Method

Completion: 2022

Progress: In Progress

Create a Sustainable and Responsible Procurement (SRP) Framework and Policy

Completion: 2020

Progress: Completed

Achieve 100% Traceability upto Farmer Level at Origin

Completion: 2023

Progress: In Progress

Raw cashew nuts are predominately grown in economically fragile areas. Our intent is to procure the nuts in a manner that safeguards the communities' social fabric and environmental resources.

As a processor, we depend on our procurement supply chains to process the finest quality cashew kernels. Our goal is to secure high-quality raw cashew nut from as close to the source as possible. This involves partnering with smallholder farmers to help improve their productivity, profitability and providing good working conditions which attract and retain people in agriculture.

We source 100% of our requirement through our Direct Procurement Programme spread across 6 countries, working closely with commercial and smallholder farmers. We firmly believe that addressing the economic, social and environmental challenges within the local context is important to creating thriving supply chain systems and ensuring the reliability of supply of high quality raw cashew.

Objective

Alphonsa Cashew Industries Sustainable and Responsible Procurement Guidelines for Direct Procurement Programme is based on our Human Rights, Labour and Environmental Policies and reflects our commitment for human rights across our value chain. All of our suppliers are required to implement and follow our Sustainable and Responsible Procurement Guidelines.

We work very closely and extend our full support to small holder farmers who face difficulty in implementing and following our guidelines due to financial and infrastructure difficulties. All of our suppliers including small holder farmers and aggregators are required to disclose the primary source of origin of raw cashew nut supplied to us.

Enabler

Farmer Management System (FMS) is a cloud application that comes under the sphere of our Procurement Management System, a powerful gamut of applications that is the prime enabler of our Direct Procurement Program giving us and our customers complete visibility over the supply chain. FMS has been built in-house using a comprehensive framework that includes metrics from Sustainability and Responsibility parameters including Food Safety, Social, Environment, Labour, Human Rights and Economic indicators. The system draws insights from our extensive years of experience on the ground in six origins spread across West and East Africa.

Traceability

We are committed to creating a transparent and traceable value chain. Our ownership or active presence in every stage of the

cashew value chain enables us to develop transparent sourcing networks with full case-level traceability to the raw cashew source. Supply chain transparency serves as the foundation for our traceability system and also for assessing and monitoring risks, as well as enabling engagement with our suppliers to support improvements for all supply chain stakeholders.



**DIRECT PROCUREMENT
IN 6 AFRICAN ORIGINS**



**LARGEST DIRECT
PROCURER IN 3 ORIGINS
ON ACTUAL USER BASIS**

Small scale cashew farm-holders are key drivers of economic empowerment in many West African Nations.

There is an estimated **3 Million** smallholder cashew farmers in Africa.

**United Nations Conference on Trade and Development (UNCTAD) Special Issue on Cashew Nuts.*

UNCTAD/DITC/COM/2020/1

The economy in Africa is very heavily reliant on small-scale, private and mostly rural agriculture. By far the majority of employment and earning is done at a family scale, with farmers and smallholders depending on their crops and livestock farming for their livelihoods. In many major raw cashew origins, 80% of the population depends on agriculture. More than 80% of farmers engaged in agricultural activities are smallholders with less than two hectares of productive land. Many smallholders work at subsistence levels, and women constitute the majority of farmers, producing more than 70% of food.

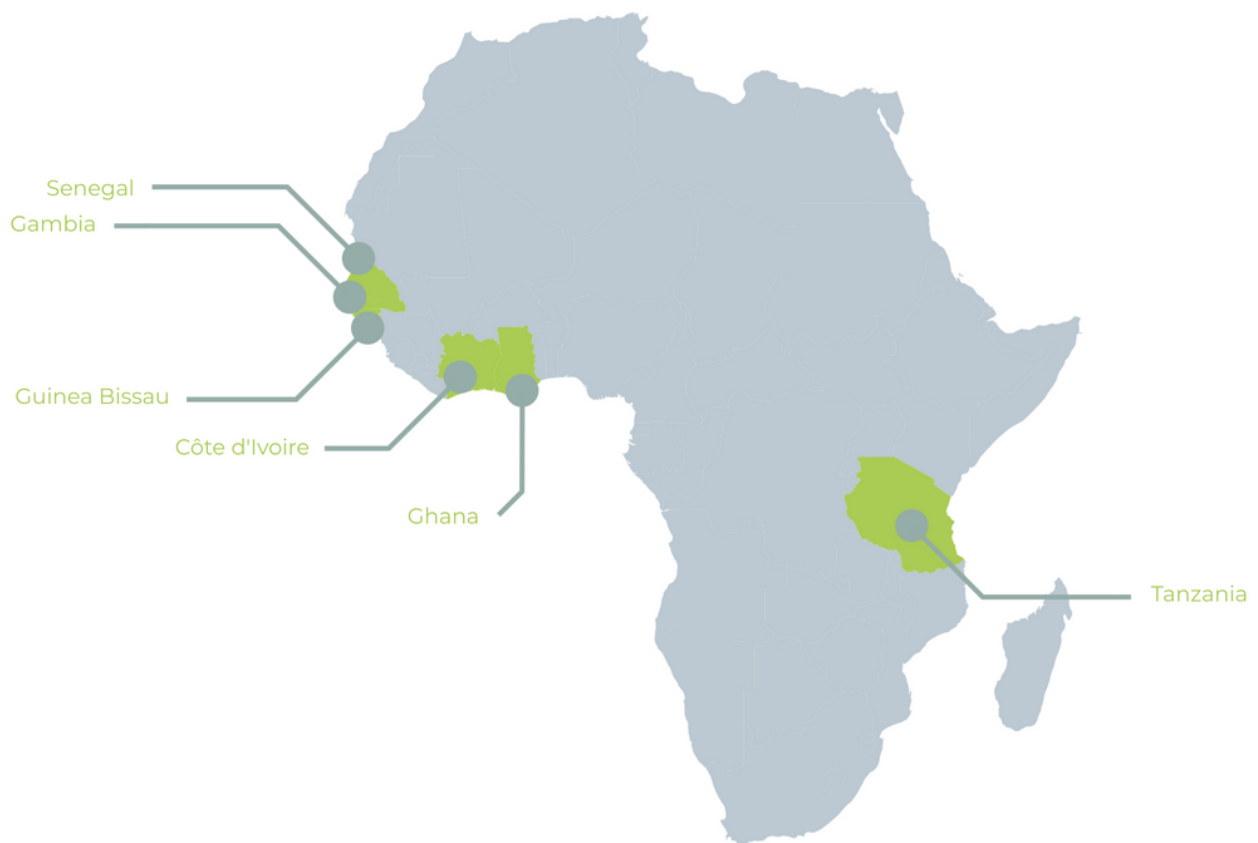
When agribusinesses are strengthened in the region, there are also a number of additional positive impacts for small scale farmers and underserved communities, as well as for the SMEs themselves and for the wider economy. When agriculture is able to grow at a local level, farmers are able to earn more capital that can be reinvested locally, enhancing capacity and efficiency, and growing returns. Families are able to move from subsistence farming into more profitable farming businesses.

Women farmers' access to better markets facilitates greater spending on family welfare, nutrition, and girls' education.



Our Procurement Footprint

We source only the finest quality raw cashew nuts from select master origins in Africa to manufacture superior quality cashew kernels for our discerning customers worldwide.





Ghana

We began our Direct Procurement Programme in Ghana in 2005 by setting up our first purchasing centre in Sampa. This was followed by establishing additional purchasing centres, procurement infrastructures in Techiman and in Tema, the port city of Ghana.

We are now one of the largest direct procurers (on actual user basis) in Ghana at the farm-gate level.



Côte d'Ivoire

We began our Direct Procurement Programme in Côte d'Ivoire in 2014 by setting up a purchase point in Bondukou, located in the north-eastern region and one of the main cashew producing areas in the entire Côte d'Ivoire. Bondukou produces the highest quality raw cashew nut in the entire country. Shipment activities are coordinated and carried out from Abidjan, the commercial capital and the main port city.



Guinea Bissau

We began our Direct Procurement Program in Guinea Bissau in 2019 with sourcing and shipping activities based out of Bissau, the capital of the country.

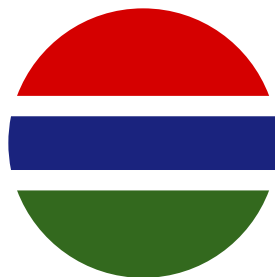
We are now one of the largest direct procurers (on actual user basis) in Guinea Bissau at the farm-gate level.



Senegal

We began our Direct Procurement Programme in Senegal in 2013. Our procurement operations are based out of Ziguinchor, the largest cashew growing region in Senegal, while shipping activities are carried out from the country capital, Dakar.

We are now one of the largest direct procurers (on actual user basis) in Senegal at the farm-gate level.



Gambia

We began our procurement activities in 2016 with both procurement and shipping activities based out of Banjul, the capital of the country.



Tanzania

We began our Direct Procurement Program in Tanzania in 2018. Our procurement activity is based out of Mtwara, one of the main cashew producing regions and the capital city of the Mtwara region in southeastern Tanzania while shipping activities are in Dar Es Salaam, the former capital and main port city in Tanzania.

Principles of our Sustainable Procurement

Our principles are built on Human Rights, Labour Rights and Environmental Protection frameworks built by UN Global Compact. Apart from these principles, we also follow all national and local laws of the country where we operate.

We are committed to creating a transparent and traceable value chain. Our ownership or active presence in every stage of the cashew value chain enables us to develop transparent sourcing networks with full case-level traceability to the raw cashew source. Supply chain transparency serves as the foundation for our traceability system and also for assessing and monitoring risks, as well as enabling engagement with our suppliers to support improvements for all supply chain stakeholders.

Our Principle

Our Commitment

1) A Safe and Healthy Workplace

Our 1st Principle is based on:

UNGC Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

UNGC Principle 2: Make sure that businesses are not complicit in human rights abuses.

Alphonsa Cashew Industries expects all suppliers including small holder farmers to provide all of their employees and workers with a safe and healthy workplace and with safe and hygienic accommodation wherever necessary. Workers should have water that is safe to drink and adequate sanitation facilities.

Climate in African countries are extreme in nature during the cashew procurement season. Where workers are exposed to extreme conditions, including very high temperatures, break schedules and rest facilities must be adapted to ensure protection from exposure to high temperatures. The type of hydration and nutrition available to workers must also aid recovery.

2) Voluntary Employment

Our 2nd Principle is based on:

UNGC Principle 4: Businesses should ensure the elimination of all forms of forced and compulsory labour.

Suppliers must ensure that all workers have chosen their employment voluntarily irrespective of the nature of work involved. Recruitment processes must be transparent and workers must be provided with contracts in their own language if employment is permanent type, and should be verbally explained to workers in layman's terms. Employer should ensure that workers understand the terms of their employment contracts in its entirety.

Suppliers must not use any bonded or forced labour, slavery or human trafficking. It means no coercion in employment; no withholding or non-payment of wages; no retention of passports or identity papers; no debt bondage or excessive recruitment fees.

Our Principle

Our Commitment

3) No Child Labour

Our 3rd Principle is based on:

UNGC Principle 5: Businesses should ensure the effective abolition of child labour.

Suppliers must not provide employment to children before they have completed their compulsory education and in any event not before they reach the age of 15 (fifteen) as per ILO conventions (Minimum Age Convention, No. 138 and Worst Forms of Child Labour Convention, No. 182). Suppliers including small holder farmers and aggregators should have effective procedures in place to verify the age of workers prior to employment. Young workers must not do work that deprives them of attending schooling or that is harmful or dangerous. Suppliers are also expected to comply with all reporting obligations regarding the abolition of child labour and human trafficking.

Alphonsa Cashew Industries recognise that in certain social circumstances children's participation in work can be positive to the upliftment of their family and support their own development. This is acceptable as long as the work is not likely harm their health, personal development or interfere with their education and is conducted in line with the Children's Rights and Business Principles as defined by UNICEF, the UN Global Compact and Save the Children, ILO conventions and national law.

If any breaches to our guidelines of child labour and young people are identified in relation to the employment of children and young people, appropriate remedial measures should be taken which put the interests of the children / young people and their families first.

4) Respectful Work Environment

Our 4th Principle is based on:

UNGC Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

UNGC Principle 2: Make sure that businesses are not complicit in human rights abuses.

UNGC Principle 6: The elimination of discrimination in respect of employment and occupation.

Alphonsa Cashew Industries expects all of its suppliers to treat all their employees and workers with respect and dignity. Diversity in the workplace should be embraced and respected. Suppliers are also expected to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed, without regard to race, age, gender, national origin, religion or any other category not relevant to performance. Men and women should receive equal pay for equal work and steps should be taken during hiring and promotion to increase gender diversity.

Everyone working on farms should be treated equally and not subject to any form of discrimination based on, but not limited to, race, religion, culture, gender, age, political opinion, national extraction, social origin, pregnancy and maternity, sexual orientation or any other arbitrary means. Raw cashew nuts are predominately collected by women workers in farms. Farmers should recognise that women may be impacted in different ways to men, farmers should take steps to ensure that working practices are developed and implemented in ways which enable participation of women.

All forms of physical, verbal, and written harassment are prohibited. Farmers must not engage in corporal punishment or take disciplinary-related deductions from workers' pay. Harassment and abuse of any form are not tolerated.

Our Principle

Our Commitment

5) Freedom of Association

Our 5th Principle is based on:

UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Suppliers must support the right of all workers to choose whether to form or join lawful trade unions and other organisations of their choice, and to bargain collectively in support of their mutual interests. Farmers must not discriminate in any way against workers that choose to form or join trade unions, or against those workers that choose not to form or join trade unions.

6) Environmental Protection

Our 6th Principle is based on:

UNGC Principle 7: Businesses should support a precautionary approach to environmental challenges.

UNGC Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

UNGC Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Suitable environmental management practices are critical for ensuring farmers have a sustainable operation that will continue well into the future. All of our supplier farmers are expected to comply with local environmental laws and to implement changes to farming systems that promote sustainability in agriculture.

Suppliers should identify and follow locally tailored best management practices relating to soil, which take into account soil structure, fertility and erosion. Soil monitoring processes should be in place to assess macronutrients, pH levels, organic matter, heavy metals etc. Farmers should measure and take appropriate steps to improve soil organic carbon. This includes adoption of practices such as minimisation of tillage, diverse crop rotations and cover crops. Every effort should be made to optimise the efficient use of agrochemicals, following fertiliser best management practices to match nutrient supply with crop requirements and to minimise nutrient losses from fields, reduce greenhouse gas emissions, and improve farm profitability.

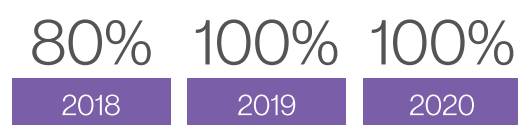
Suppliers should be aware of the conservation status of the ecosystem within which they farm and take appropriate steps to protect natural habitat. This includes implementation of best management practices to protect threatened or critical ecosystems, minimize pollution or degradation of the environment and protect threatened species.

Sustainability Performance Metrics - Procurement Stage

Procurement Indicators

We are strongly committed to supporting the farmers of Africa.

Total percentage of RCN processed that is procured directly at the farm-gate/primary aggregator level



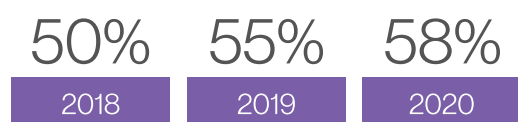
We met our target of processing 100% directly procured and fully traceable raw cashew nuts in 2019. This target was sustained in 2020 as well.

Total percentage increase in volume (compared to previous year) of directly procured raw cashew nuts



There was a significant decrease in total purchase volume of RCN in 2020 due to COVID-19 restrictions affecting our access to markets.

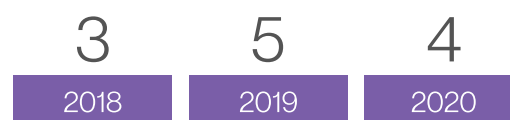
Total percentage of directly procured raw cashew nuts where farmer/farm is traceable



Total percentage of suppliers trained on RCN Outturn Test



Total number of participating procurement origins that supplied to our direct procurement program



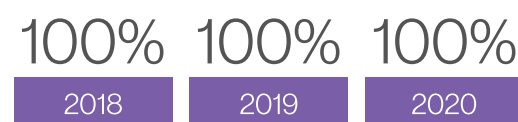
In 2018 and 2020, we did not procure from Gambia and Tanzania due to geopolitical factors. In 2019, we did not participate in Gambian season due to certain market factors.

Total percentage of suppliers enrolled in Farmer Management System (FMS)

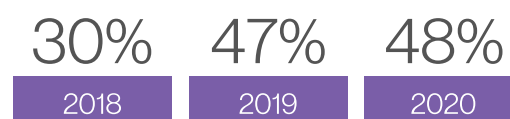


*Due to COVID-19 restrictions in procurement origins, enrolment efforts were significantly affected. Enrolment and Field Visits will be restarted once its safe for our people to carry out activities.

Total percentage of directly procured raw cashew nuts where farm-gate aggregator is traceable



Total percentage of suppliers informed or trained on Good Agricultural Practices



Human Rights Indicators

We are strongly committed to respecting the human rights of workers of our Raw Cashew Nut suppliers in line with the UN Global Compact’s framework.

Total percentage of Procurement Managers trained in Human Rights Policy and Responsible Procurement Policy



Procurement Managers conduct field visit to Aggregator's and Farmer's facilities to check for any violations of our Responsible Procurement Policy.

Total percentage of new suppliers (Farmers and Aggregators) that underwent human rights screening



Human Rights screening was enforced after Responsible Procurement Policy was implemented in 2020 throughout our procurement origins.

Total number of suppliers identified with a negative impact on human rights after conducting a detailed analysis, including field visits.



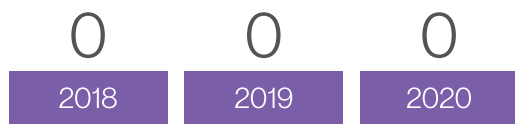
Field Visits were started after the launch of our Farmer Management System. Due to COVID-19 situations, field visits were restricted to a limited number of suppliers.

Total percentage of suppliers informed on Human Rights of Alphonsa's Responsible Procurement Policy

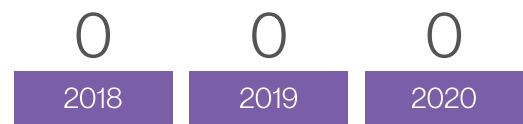


*Due to COVID-19 situations, communication and training of Human Rights of Alphonsa's Responsible Procurement Policy to suppliers were severely limited.

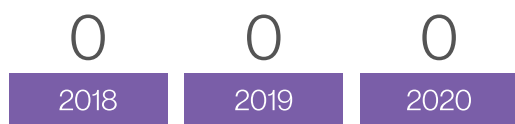
Total number of identified incidents of violations involving the rights of indigenous people



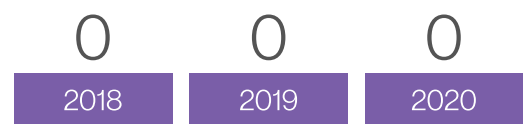
Total number of Human Rights lawsuits against the company (filed in Procurement Origins)



Total number of Human Rights Violation Notices received from Regulatory Bodies in Procurement Origins



Total number of human rights violations reported by workers of suppliers through Integrity Helpline or any other grievance mechanism.



Sustainability Performance Metrics - Procurement Stage

Labour Indicators

We expect all of our farmer suppliers and aggregators to treat their and workers with respect and dignity.

Total number of incidents where child labour was found during field visits



Field Visits were started after the launch of our Farmer Management System in 2020. Due to COVID-19 situations, field visits were restricted to a limited number of suppliers.

Total number of incidents where bonded labour was found during field visits



Field Visits were started after the launch of our Farmer Management System in 2020. Due to COVID-19 situations, field visits were restricted to a limited number of suppliers.

Total number of incidents where unsafe or hazardous labour practices were found during field visits



Field Visits were started after the launch of our Farmer Management System 2020. Due to COVID-19 situations, field visits were restricted to a limited number of suppliers.

Total number of incidents where discrimination or harassment of any kind were found during field visits



Field Visits were started after the launch of our Farmer Management System 2020. Due to COVID-19 situations, field visits were restricted to a limited number of suppliers.

Total number of suppliers facing labour lawsuits or legal charges of similar kind



Legal Disclosure details were collected after the launch of our Farmer Management System 2020.

Total number of suppliers facing sexual harassment lawsuits or legal charges of similar kind



Legal Disclosure details were collected after the launch of our Farmer Management System 2020.

Environmental Indicators

Suitable environmental management practices are critical for ensuring farmers have a sustainable operation that will continue well into the future.

Total number of incidents where usage of banned pesticides were found during field visits



Field Visits were started after the launch of our Farmer Management System in 2020. Due to COVID-19 situations, field visits were restricted to a limited number of suppliers.

Total number of incidents where environmental degradation practices were found during field visits



Field Visits were started after the launch of our Farmer Management System in 2020. Due to COVID-19 situations, field visits were restricted to a limited number of suppliers.

Total percentage of suppliers aware about Soil Management Practices



Training and Knowledge data were collected after the launch of our Farmer Management System 2020.



Sustainable Processing

Keeping our people safe is our first and primary responsibility as a company.

**SUSTAINABLE
DEVELOPMENT
GOALS**



Target Progress in Processing

Ensure 100% of Processing is done using directly procured Raw Cashew Nut

Completion: **2020**

Progress: **Completed**

Certify our processing facilities with Sedex SMETA 4 Pillar.

Completion: **2021**

Progress: **In Progress**

Renew ISO 14001:2015 for our processing facilities

Completion: **2020**

Progress: **Completed**

Install Carbon Scrubber in 50% of our processing facilities.

Completion: **2020**

Progress: **Completed**

Create an Anti Corruption Policy

Completion: **2020**

Progress: **Completed**

Create an online grievance reporting and addressing system for all stakeholders

Completion: **2020**

Progress: **Completed**

Build a New Pastuerisation and Packing Complex

Completion: **2021**

Progress: **Nearing Completion**

Safety at work is a fundamental human right, and workplace conditions directly influence workers as well as their families.

We are first and foremost a processor of cashew nuts. We go directly to the farmers at origins to procure the highest quality raw cashew nuts for producing the finest quality cashew kernels. Today, 100% of raw cashew we process are procured directly at the farm-gate to ensure the highest quality and complete traceability of the supply chain.

Our Code of Conduct is consistent with the UN's declaration of Human Rights, International Labour Organisation conventions and Indian National and State Labour Laws. We ensure minimum wastage and minimum impact on planet earth.

We believe that addressing and mitigating environmental impacts arising out of our business activities is an important part of doing business. This is enabled by our commitment and continuous effort to address important environmental issues. As a manufacturing business, our operations can have a significant impact on the environment if appropriate steps to prevent and contain such adverse effects are not taken by us. All of our processing facilities comply with all the rules, regulation and acts of Central and State Governments.



Principles of our Sustainable Processing

Our principles are built on Human Rights, Labour Rights and Environmental Protection frameworks built by UN Global Compact. Apart from these principles, we also follow all national and local laws of the country where we operate.

Our Principle

Our Commitment

1) Be Environmentally Responsible

Our 1st Principle is based on:

UNGC Principle 7: Businesses should support a precautionary approach to environmental challenges.

UNGC Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

UNGC Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Alphonsa Cashew Industries is committed to conducting its operations with high regard for the environment. We believe that addressing and mitigating environmental impacts arising out of our business activities is an important part of doing business. This is enabled by our commitment and continuous effort to address important environmental issues.

As a manufacturing business, our operations can have a significant impact on the environment if appropriate steps to prevent and contain such adverse effects are not taken by us. All of our processing facilities comply with all the rules, regulation and acts of Central and State Governments.

Policies

1. Sustainable and Responsible Processing Policy
2. Code of Ethics and Conduct
3. Environmental Policy



Alphonsa Cashew Industries is the first company in the Indian cashew industry to be certified with ISO 14001:2015.

Alphonsa Cashew Industries got its processing facilities with ISO 14001:2015 reflecting our commitment to conducting our business operations with high regard for the environment.

ISO 14001:2015 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO 14001:2015 is intended for use by an organisation seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability and can be used in whole to systematically improve environmental management.

Our Principle

Our Commitment

2) A Safe and Healthy Workplace

Our 2nd Principle is based on:

UNGC Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

UNGC Principle 2: Make sure that businesses are not complicit in human rights abuses.

Keeping our people safe is our first and primary responsibility as a company. Safety at work is a basic human right, and workplace conditions directly influence workers as well as their families. Besides adhering to all current labour regulations, we go well beyond these to ensure our people enjoy a safe and healthy work environment.

Policies

- Sustainable and Responsible Processing Policy
- Code of Ethics and Conduct
- Anti-Retaliation Policy
- Sexual Harassment Policy
- Labour Policy
- Migrant Worker Policy
- Freedom of Association Policy
- Disciplinary Policy and Procedure

3) Ensure Economic Viability and Shared Value Creation

Our 3rd Principle is based on:

UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

UNGC Principle 6: The elimination of discrimination in respect of employment and occupation

Wages and benefits shall be equal or superior to the applicable minimum legal and regulatory requirements. 90% of our employees are on our permanent payroll and all applicable benefits, both regulatory and non regulatory are paid within the stipulated time period. All of our processing facilities are located in rural communities and provide direct employees to thousands of women empowering them to uplift themselves and their families.

We employ close to 3200 permanent employees, and around 93% of our total workforce are women, and we are proud and committed to keeping it that way.

Our Company Policies that enable and ensure the implementation and enactment of the 3rd Principle of Sustainable Processing:

- Sustainable and Responsible Processing Policy
- Code of Ethics and Conduct
- Anti-Retaliation Policy
- Labour Policy
- Migrant Worker Policy
- Freedom of Association Policy

4) No Child Labour

Our 4th Principle is based on:

UNGC Principle 5: Businesses should ensure the effective abolition of child labour.

We do not employ children before they have completed their compulsory education and in any event not before they reach the age of 18 (fifteen) as per Indian laws. We have systems and procedures in place to verify the age of workers prior to employment.

Our Company Policies that enable and ensure the implementation and enactment of the 4th Principle of Sustainable Processing:

- Sustainable and Responsible Processing Policy
- Code of Ethics and Conduct
- Labour Policy
- Migrant Worker Policy

Our Principle

Our Commitment

5) Respect Human Rights of Employees

Our 5th Principle is based on:

UNGC Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

UNGC Principle 2: Make sure that businesses are not complicit in human rights abuses.

UNGC Principle 6: The elimination of discrimination in respect of employment and occupation.

We are committed to upholding the highest standards of human rights for our workforce. We ensure that no employees, suppliers, customers or any other contacts are subjected to discrimination. Discrimination implies a distinction, exclusion or preference for which the underlying reasoning is based on prejudice rather than a legitimate reason, resulting in the suppression of equal opportunity or treatment. Unfounded reasons for discrimination include gender, age, origin, religion, sexual orientation, physical appearance, pregnancy, invalidity and union membership. We are committed to combating all forms of discrimination in recruitment, training and career management.

We encourage an atmosphere of camaraderie and active engagement at our workplace. Being strong believers of teamwork, we have an open door policy which allows any employee no matter what the rank or designation to represent his/her case or complaint directly to the Chairman or Director. All identities are kept confidential in order to protect the employee from workplace retaliation.

Our Company Policies that enable and ensure the implementation and enactment of the 5th Principle of Sustainable Processing:

- Sustainable and Responsible Processing Policy
- Code of Ethics and Conduct
- Anti-Retaliation Policy
- Sexual Harassment Policy
- Labour Policy
- Migrant Worker Policy
- Freedom of Association Policy
- Disciplinary Policy and Procedure



Benchmarking our business operations and conduct with global ethical standards using Sedex SMETA 4P

Our Processing Facilities are currently undergoing the certification process of Sedex SMETA and will be fully certified by next year. To benchmark our systems against the top industry standards worldwide, we decided to use the comprehensive SMETA 4 Pillar Audit, which encompasses Labour, Health & Safety, Environment and Business Ethics instead of the core 2 Pillar Audit, which covers only Labour and Health & Safety.

Sedex Members Ethical Trade Audit (SMETA) is one of the most widely used ethical audit formats in the world. The certification encompasses all aspects of responsible business practice and provides a globally-recognised way to assess Sedex's four pillars of Labour, Health and Safety, Environment and Business Ethics. The measurement criteria are based on the Ethical Trading Initiative ETI Base Code and is based on both international standards and International Labour Organization (ILO) conventions.

Our Principle

Our Commitment

6) Voluntary Employment

Our 6th Principle is based on:

UNGC Principle 4: Businesses should ensure the elimination of all forms of forced and compulsory labour.

We ensure that all workers have chosen their employment voluntarily irrespective of the nature of work involved. Recruitment processes are transparent and workers are provided with contracts in the local language. We ensure that workers understand the terms of their employment contracts in its entirety.

We do not use any bonded or forced labour, slavery or human trafficking. It means no coercion in employment; no withholding or non-payment of wages; no retention of passports or identity papers; no debt bondage or excessive recruitment fees.

Our Company Policies that enable and ensure the implementation and enactment of the 6th Principle of Sustainable Processing:

- Sustainable and Responsible Processing Policy
- Code of Ethics and Conduct
- Labour Policy
- Migrant Worker Policy

7) Freedom of Association

Our 7th Principle is based on:

UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

UNGC Principle 6: The elimination of discrimination in respect of employment and occupation.

Wages and benefits shall be equal or superior to the applicable minimum legal and regulatory requirements. 90% of our employees are on our permanent payroll and all applicable benefits, both regulatory and non regulatory are paid within the stipulated time period. All of our processing facilities are located in rural communities and provide direct employees to thousands of women empowering them to uplift themselves and their families.

We employ close to 3200 permanent employees, and around 93% of our total workforce are women, and we are proud and committed to keeping it that way.

Our Company Policies that enable and ensure the implementation and enactment of the 7th Principle of Sustainable Processing:

- Sustainable and Responsible Processing Policy
- Code of Ethics and Conduct
- Labour Policy
- Migrant Worker Policy
- Freedom of Association Policy

8) Good Governance and Accountability

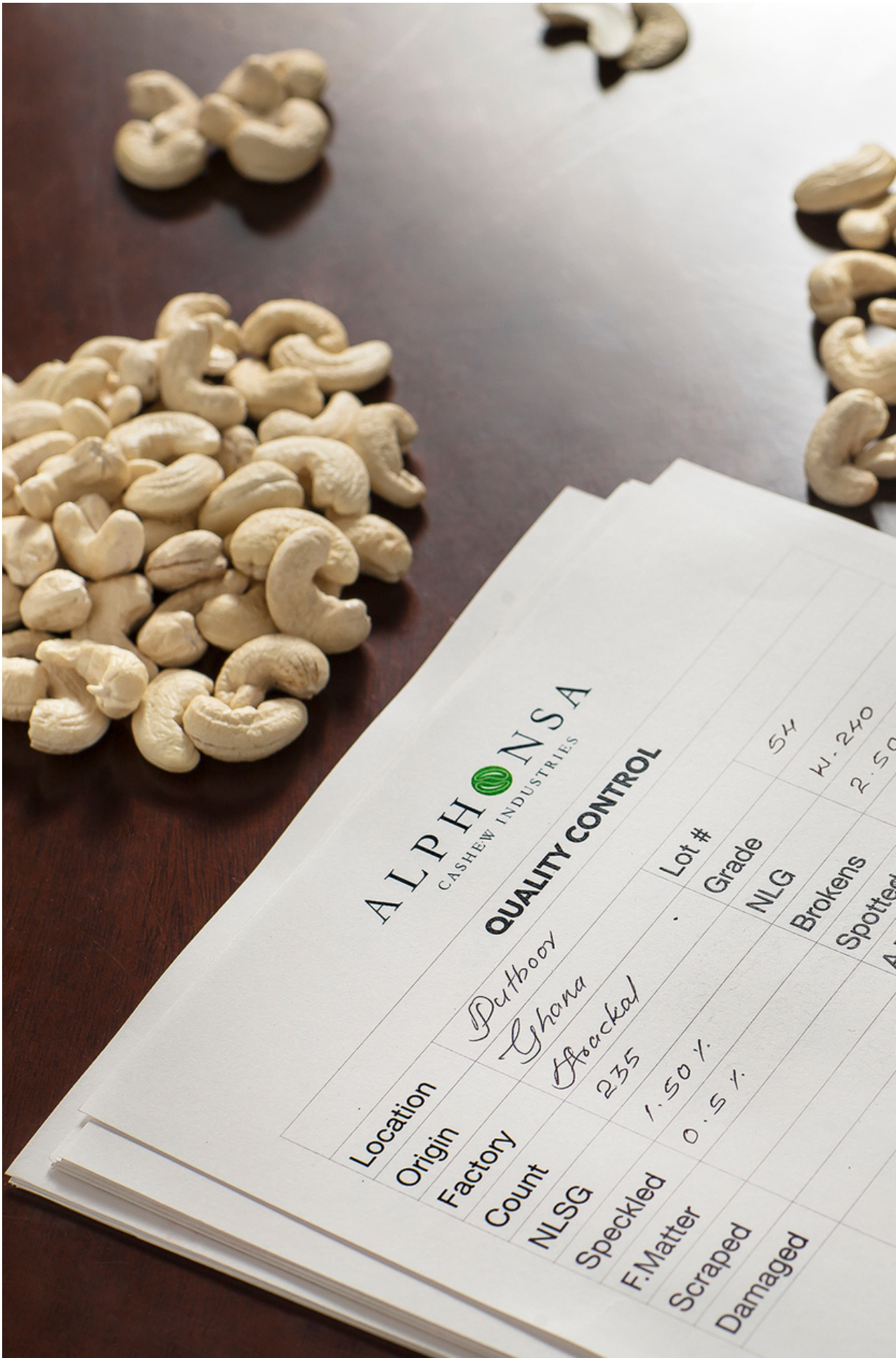
Our 8th Principle is based on:

UNGC Principle 4: Businesses should work against corruption in all its forms, including extortion and bribery.

We behave legally and responsibly by respecting land and natural resource rights, avoiding corruption, being transparent about activities and recognizing their impacts.

Our Company Policies that enable and ensure the implementation and enactment of the 8th Principle of Sustainable Processing:

- Sustainable and Responsible Processing Policy
- Code of Ethics and Conduct
- Anti-Corruption Policy



ALPHONSA
CASHEW INDUSTRIES

QUALITY CONTROL

Location	Origin	Factory	Count	NLSG	Speckled	F.Matter	Scraped	Damaged	Lot #	Grade	NLG	Brokens	Spotted
		<i>Putbooy</i>											
		<i>Ghana</i>											
		<i>Aoackal</i>	<i>235</i>		<i>1.50 %</i>	<i>0.5 %</i>							
											<i>54</i>	<i>W-240</i>	<i>2.50</i>

Sustainability Performance Metrics - Processing Stage

Labour Safety Indicators

Investing in and ensuring our people's safety and well being has always been a top priority for us

Total number of work-related minor injuries



Lost Time Injury Frequency Rate (LTIFR)



Total number of work-related fatalities



Total Recordable Incident Rate (TRIR)



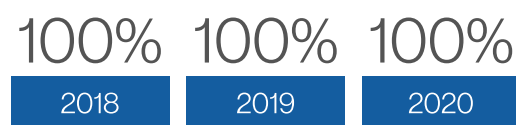
Total number of Government Awards/Recognitions received for Labour Health and Safety



Total number of work-related incidents resulting major injuries



Total percentage of employees informed or trained on health and safety standards



Total number of Warnings/Notices received from Regulatory bodies regarding violations of labour safety



Total number of corrective action requests received from customers/external stakeholder regarding labour safety



Labour Rights Indicators

We believe our employees are important stakeholders in the business, and it is important to build a culture of mutual trust and respect.

Total number of Strikes carried out by employees



Total number of Strike hours



Total number of lawsuits filed against Alphonsa by an active or former employee



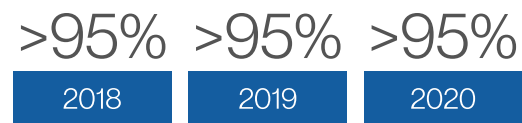
Total number of lawsuits filed by Alphonsa against an active or former employee



Total number of Labour Laws Violation Notices received from Regulatory bodies



Total percentage of employees under Trade/Worker Unions



Total number of Trade Unions recognised by Alphonsa



Total number of Labour Lawsuits against Alphonsa



4 of the Trade Unions are recognised by the International Labour Organisation (ILO) and are members of International Trade Union Confederation (ITUC) and World Federation of Trade Unions (WFTU). Remainder Trade/Worker Unions are recognised by the Trade Union Registrar, Government of India and Labour Commissionerate, Government of Kerala.

Total percentage of Migrant Workers (compared with Total Workforce)



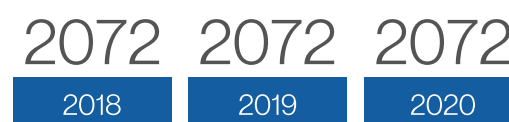
Total number of young workers (Age between 14 and 18)



Total number of seasonal employees



Total number of Permanent employees



Total number of incidents of discrimination



Total number of incidents of sexual harassment



Total number of employees in Managerial roles facing sexual harassment lawsuits



Total number of employees terminated as a result of Disciplinary Procedure



Total percentage of employees informed or trained in all labour rights related policies



Total number of reportable labour grievances or incidents received through Integrity Helpline or other grievance mechanisms.



Labour Rights related Policies include:

1. Responsible Processing Policy
2. Code of Ethics and Conduct
3. Disciplinary Policy and Procedure
4. Freedom of Association Policy
5. Sexual Harassment Policy
6. Anti-Retaliation Policy

Human Rights Indicators

We are strongly committed to respecting the human rights of our entire workforce, communities, and this is affected by our business activity in line with the UN Global Compact's framework.

Total number of Human Rights lawsuits against the Alphonso



Total percentage of Managerial employees trained in Human Rights and Responsible Processing Policy



Total number of human rights violations reported by workers of suppliers through Integrity Helpline or any other grievance mechanism.



Total number of Human Rights Violation Notices received from Regulatory Bodies



Total number of Human Rights Violations as reported by independent NGOs



Sustainability Performance Metrics - Processing Stage

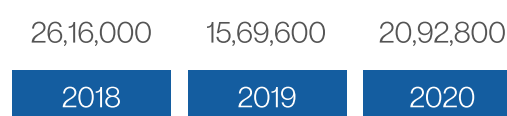
Environmental Indicators

We believe that addressing and mitigating environmental impacts arising out of our business activities is an important part of doing business.

Total water usage (kilolitres)



Total energy used



Noise pollution indicator



Measured in dB (A). Figure shown is the average noise level across 13 processing facilities. The Limit set by Factories Rules, 1950 Permissible Limit is 90 dB(A).

Total number of Environmental lawsuits against Alphonsa



Total number of Notices received from Regulatory Bodies for violations of Environmental Rules and Regulations



Total number of incidents when Ambient Air Quality near processing facility exceeded NAAQ Standards : 2009



Total number of complaints received from neighbourhood adjacent to our processing facilities regarding air pollution



Total emission of Carbon Monoxide



Figure shown is the average across 13 processing facilities. Limit of Quantification (LOQ) is 0.2%V/V

Anti-Corruption Indicators

We believe all of our employees have an obligation to conduct themselves in an honest and ethical manner and act in the best interest of the company at all times.

Total number of Anti-Corruption violations/incidents reported



Any stakeholder can report Anti-Corruption incidents or violations through our online Integrity Helpline.

Total percentage of managerial employees informed and trained on Anti-Corruption Policy



In-line with our target (as outlined in our COP Report 2019), Anti-Corruption Policy was introduced in 2020.

Total number of Anti-Corruption/Bribery lawsuits filed by the company



Total number of Anti-Corruption/Bribery lawsuits against the company



Total number of employees facing Corruption/Bribery lawsuit including commercial bribery charges/notices



Total percentage of business partners that the company's Anti-Corruption Policy has been communicated to



Total number of confirmed incidents when contracts with business partner were terminated or not renewed due to violations related to corruption



Total number of confirmed incidents in which employees were dismissed or disciplined for corruption/bribery



*In 2018, A Cashew Kernel Supply Contract was not renewed by Alphonsa when a high ranking official from the customer's company demanded bribe to facilitate renewal of contract.



Vendor Sustainability

Being a cashew processing company first and foremost, we work with a large base of vendors for our business operations. We realise that we can collaborate with our vendors towards building a sustainable and responsible cashew value chain.

Our suppliers are selected and evaluated beyond the basis of economic factors. We also look closely at environmental protection, compliance with human rights, labor and social standards as well as anti-discrimination and anti-corruption policies. Alphonso Cashew Industries has committed to the principles of Sustainable and Responsible Cashew Value Chain and wants to partner with vendors to further develop the sustainability performance in the cashew supply chain.

We expect our suppliers to fully comply with applicable laws and to adhere to internationally recognized environmental, social and corporate governance standards (ESG standards). We also expect our suppliers to use their best efforts to

Guiding Principles

We realise that business relationships are more productive and effective when they are built on trust, mutual respect and common values, and seek relationships with vendors who share a common commitment to:

1. Comply with applicable laws and regulations
2. Behave ethically and with integrity
3. Integrate quality into business processes
4. Respect human and employment rights
5. Promote the safety, health and well-being of employees
6. Embrace sustainability and operate in an environmentally responsible manner
7. Implement management systems to maintain business continuity, performance governance and continuous improvement
8. Disclose information associated with the vendor's impact on the environment and social issues



**VENDOR CODE OF
CONDUCT DEVELOPED AS
PER 10 PRINCIPLES OF
UNGC**



**VENDORS ARE SELECTED
ACCORDING TO THEIR
COMMITMENT TO THE 10
PRINCIPLES OF UNGC**



**ANNUAL RANDOM INSPECTION
CARRIED OUT AT VENDOR'S
FACILITIES TO ENSURE TOTAL
COMPLIANCE**

Our Vendor Diversity Program enables us to engage with small and diverse businesses in India.

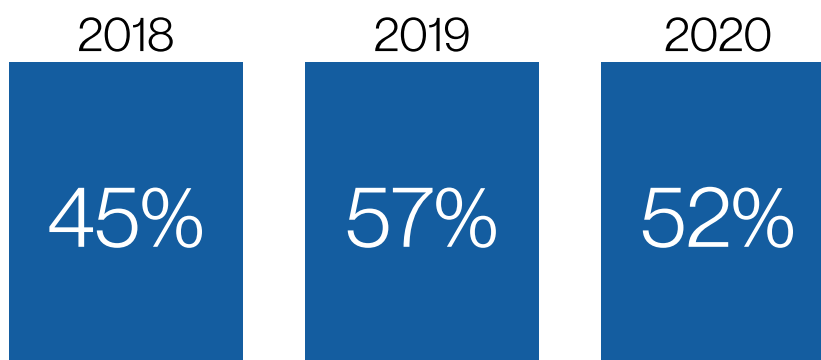
At Alphonsa Cashew Industries, a wide range of goods and services are needed to support our business operations, and we work hard to ensure that we partner with the best and diverse businesses available to achieve our objectives.

Our Vendor Diversity Program gives us a platform to engage with small and diverse enterprises in India. We strive to engage vendors that reflect the diversity of the communities where we live and work and of the clients we serve, and we look for vendors that can bring a range of perspectives to help us discover creative, effective solutions.

Our Vendor Diversity Program aims to help break down barriers to market access for small and diverse enterprises and unlock commercial opportunities with Alphonsa Cashew Industries. We seek vendors that can continuously drive competitiveness and innovation in our supply chain.

Diverse supplier spend

Diverse supplier spend refers to the procurements amount spent solely with small and diverse-owned businesses. As an MSME company, we believe it is our duty to support our base of diverse suppliers.



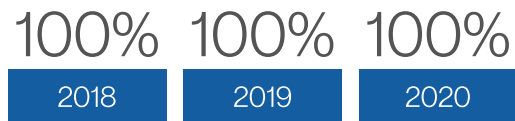
Diverse supplier categories



Vendor Sustainability Indicators

We are committed to advancing sustainable and responsible buying practices with our vendors.

Total percentage of new Vendor applications screened on Sustainability Factors including Human Rights, Labour, Environment and Anti-Corruption



Total number of violations or incidents in breach of Alphonsa Vendor Code of Conduct carried out by vendors.



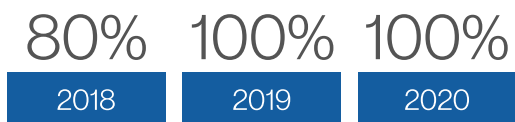
Total number of vendors facing lawsuits related to Human Rights, Labour, Environment and Anti-Corruption



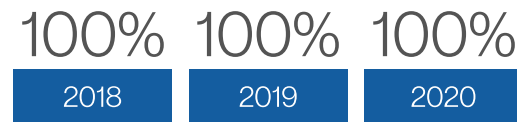
Total number of Vendor Contracts that were cancelled due to violations related to sustainability factors



Total percentage of Vendors screened on Sustainability Factors including Human Rights, Labour, Environment and Anti-Corruption



Total percentage of Vendors informed on Alphonsa Vendor Code of Conduct





Sustainable Distribution

Sustainable distribution to us is all about Responsible Distribution and that means supplying safe and traceable cashew nuts.



Target Progress in Distribution

Upgrade Factory Certification From ISO 22000 to GFSI Recognised FSSC 22000

Completion: **2020**

Progress: **Completed**

Upgrade Factory Certification from FSSC 22000 to BRC

Completion: **2021**

Progress: **In Progress**

Launch an online B2B sales channel

Completion: **2021**

Progress: **In Progress**

Make 100% of Fibres used in Corrugated Cartons FSC Certified

Completion: **2020**

Progress: **Completed**

Create an Anti-Corruption Framework and Policy

Completion: **2020**

Progress: **Completed**

Responsible distribution to us means supplying safe and traceable cashew nuts.

Food safety is at the centre of everything we do at Alphonso, and it's fundamental to our journey and our customer's brand. We genuinely believe everybody deserves the right for their food to be safe and our aim is to secure your trust by delivering assured quality every single time – through stringent food safety processes and superior microbiological and chemical specifications of our cashew nuts.



Building a transparent and traceable supply chain.

Our ownership or active presence in every stage of the cashew value chain enables us to develop transparent sourcing networks with full case-level traceability to the raw cashew source.

We offer case-level traceability for our cashew products showing the complete movement along the entire value chain. It is our passion to provide fully traceable cashew nuts to our customers who appreciate knowing where the cashews came from and that their purchase genuinely made a difference to the farmer and his family in the producing origin. We enable our customers to trace our cashew nuts along the value chain back to the farmer through one of the most comprehensive traceability system.

Why Traceability matters?

Traceability enables corrective actions such as a product recall to be implemented quickly and effectively when something goes wrong. When a potential food safety problem is identified, whether, by a food

business or a government agency, an effective traceability system can help isolate and prevent contaminated products from reaching consumers.

Traceability allows food businesses to target the products affected by a food safety problem, minimising disruption to trade and any potential public health risks. It is essential for all food businesses, including retailers and importers, to be able to trace products.

Demand for origin and processing assurances are increasing worldwide from responsible customers who want to ensure that cashews have been procured and processed sustainably.

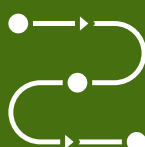
As customer and consumer drive up demand for a transparent supply

chain, technological developments backed by our passion for opening up our supply chain to our customers is creating new opportunities in comprehensive supply chain traceability.

We are continually working with our prime customers and are bringing them on board to improve our traceability initiatives and to work with other stakeholders on tracing even more data points, enabling our customers to visualise the entire journey of cashew from farm to factory. We keep cashews safe from farm-gate to factory gate by ensuring traceability at every step of the value chain.



70
KEY DATA ELEMENTS



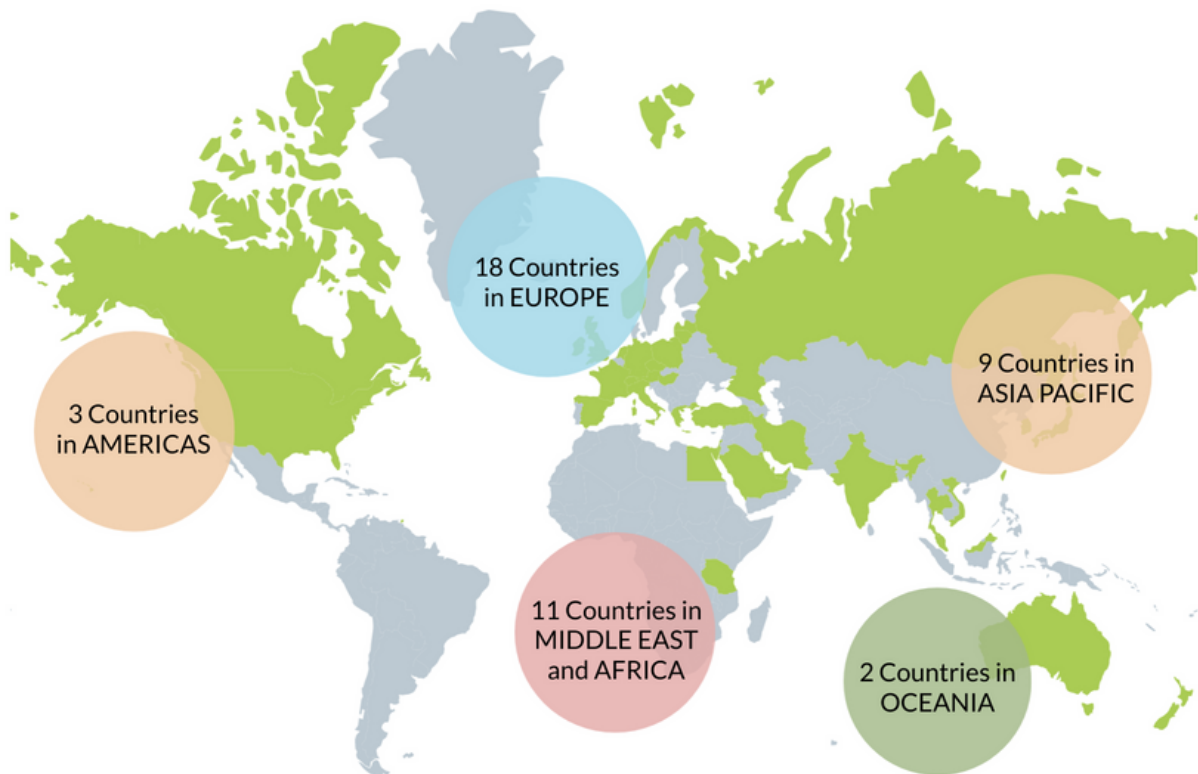
10
CRITICAL TRACKING
EVENTS



**TRACEABILITY
ACROSS 5 STAGES
OF VALUE CHAIN**

Customer Footprint

Our customers who we consider as our faithful partners, number over 300 and are spread across 43 countries worldwide.



Alphonsa Cashew Industries is the first in the Indian cashew industry to be awarded the AEO Tier 2 Status.

The program is regarded as a globally recognised quality mark that shows strong commitment towards securing international supply chains and in complying with World Customs Organisations' SAFE Framework of Standards. The status is granted by the Central Board of Indirect Taxes and Customs (CBIC) and the companies that achieve AEO status are considered a more secure and reliable business partner and get to operate with certain privileges.

AEO is a programme under the aegis of the World Customs Organization (WCO) SAFE Framework of Standards to secure and facilitate Global Trade. The programme aims to enhance international supply chain security and facilitate movement of legitimate goods. Mutual Recognition of AEOs is a key element of the WCO SAFE Framework to strengthen end-to-end security of supply chains and to multiply benefits for traders at a global level.

Sustainability Performance Metrics - Distribution Stage

Food Safety Indicators

We are committed to providing safe and high-quality cashews to our customers, a commitment that has stood the test of time.

Number of customer/trade level recalls



Number of consumer/retail level recalls



Total number of Customer level complaints involving Microbiological Contamination



Total number of Customer level complaints involving Chemical Contamination



Total number of notices of food safety violation received from Regulatory Body or Federal Agency



Total number of notices of food safety violation received from customer audits of our facilities



Total number of incidents when Pesticide Residue were detected in our Cashew Nuts



Total number of incidents when Heavy Metals were detected in our Cashew Nuts



Total Number of Audits carried out by Foreign Regulatory Body or Federal Agency



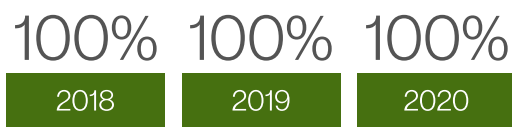
**US FDA carried out an Audit as part of their Foreign Food Inspection Program. No discrepancies were found during the Audit*

Total number of Personal Hygiene and Food Safety Trainings held for Food Handlers



**Number of Training Sessions were reduced in 2019 and 2020 due to COVID-19 Restrictions*

Total percentage of Food Handlers trained in Personal Hygiene, Food Safety Standards and HACCP.



Total number of shipments rejected or refused entry by Regulatory Body or Federal Agency at Destination



Number of Food Safety Managers trained as Preventive Controls Qualified Individual (PCQI)



All of our Food Safety Managers as on 2020 have been trained and certified as PCQI by Food Safety Preventive Controls Alliance (FSPCA), USA.

Total number of times results turned Positive during Pathogen Environmental Monitoring Program



Our processing facilities are monitored and tested for 6 pathogens on a pre-determined sampling frequency depending on the Hygiene Zone.

Total number of Major Non-Conformance notified by Customers



**One major non-conformance on quality was notified by a customer in 2019. The shipment was voluntarily recalled.*

Total number of Foreign Material Control Stages at Final Packing Stage



**The significant increase in number of FM Control Steps in 2020 is a result of our new Pasteurisation and Packing Complex.*

Total number of corrective actions requested by Customers



Total number of Consumer level complaints for food safety related issues





ALPHONSA

WAREHOUSE ID	<input type="text" value="PTHR"/>
ORIGIN	<input type="text" value="GUINEA BISSAU"/>
SUPPLIER ID	<input type="text" value="ALPHONSA"/>
SHIPMENT ID	<input type="text" value="MAB/GB"/>
BATCH ID	<input type="text" value="11/34"/>



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*A family tradition
since 1958.*

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