

## GUIDANCE ON SUSTAINABILITY AND SECURITY OF THE VANILLA SUPPLY CHAIN

### Executive summary

Vanilla is a key flavour used in ice cream and therefore critical to the consumer's enjoyment of many products of the ice cream industry.

This document describes the complexities surrounding Sustainable Vanilla production highlighting two of the key areas which require broader industry action to ensure natural vanilla security of supply: farmers livelihoods and vanilla biodiversity. Some of these elements are addressed in the European Green deal due diligence directive proposal which was adopted in February 2022. The EU Commission proposal aims to foster sustainable and responsible corporate behaviour throughout global value chains. Companies will be required to identify and, where necessary, prevent, end, or mitigate adverse impacts of their activities on human rights, livelihoods, and the environment in their extended supply chains.

A Euroglaces member is involved in activities to improve vanilla farmers livelihoods<sup>1</sup> and secure vanilla biodiversity<sup>2</sup> (Croptrust) but increasing realises that more needs to be done at industry level to create real impact.

Therefore, this is a call for action to all European Ice Cream Companies associated with Euroglaces to:

- Step up industry activities to ensure commercial vanilla security of supply by improving the livelihoods of vanilla farmers and supporting initiatives to drive vanilla biodiversity (join existing initiatives or set up something new).
- Identify the risks of human right exploitation and environmental challenges for farmers' incomes and the crop (i.e., gap analysis/risk assessment) that may threaten the sustainability of vanilla in your own supply chain to understand how to mitigate risk
- Develop a sustainable vanilla procurement policy – which states a company position on certification schemes or internal company verifications reviewing regions/vendors/ driving supplier accountability further down the chain.
- Ensure use of appropriate vanilla internal traceability systems which will allow you to sign up to a responsible sourcing scheme to evidence the procurement of sustainably sourced vanilla – mapping supply chains understanding of where vanilla is being purchased and address any gaps in visibility of procurement and documentation.
- Consider using some certification schemes for sustainable vanilla or internal company verification – see annex for some examples.

### Consumer preference and flavour context within ice cream market

Vanilla extract is widely used across the food industry in a variety of products. In the ice cream industry, it is used in the ice cream itself, as well as in biscuits, wafers, confectionary, and inclusions.

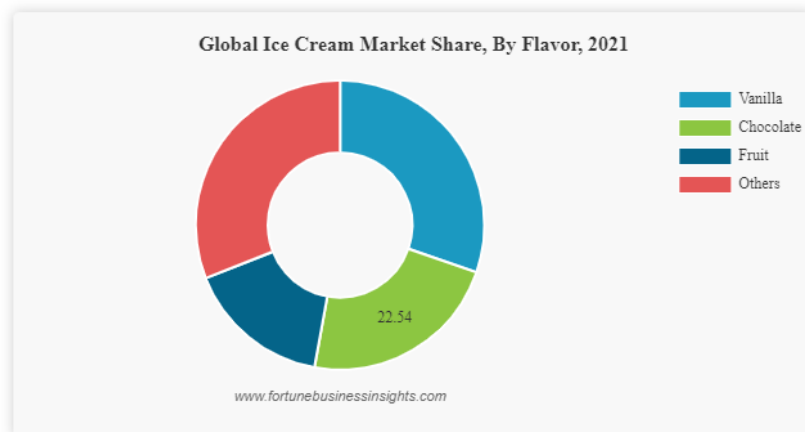
According to global ice cream market share - Vanilla is by far the most preferred ice cream flavour among consumers globally (*Fortune business insights report: IC market [LINK](#)*).

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<sup>1</sup> [Vanilla For Change | Save the Children UK](#)

<sup>2</sup> [Protecting Vanilla, One of Our Favorite Flavors - Crop Trust](#)

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The total value of the global IC market is estimated at 70.26 billion Euros and is estimated to grow at just over 5% per year. Vanilla flavoured IC represents about one third of this (ca 23 billion Euros). The demand for naturally grown vanilla far exceeds the global supply, and natural vanilla is commonly substituted by synthetically produced vanillin or other compounds with a similar flavour.

Specifically in Europe the demand for natural Vanilla extract within the food and beverage market is growing rapidly. EU-consumer demand for transparency from field to fork and more natural ingredients create further pressure on the global natural vanilla supply chain (*Centre for the Promotion of imports from Developing Countries (CBI)* [LINK](#)).

Vanilla is a classic, traditional ice cream flavour and consumers are reluctant to select new unfamiliar innovative flavours. This is demonstrated by rising consumer expenditure (*Fortune business insights* [LINK](#)) on premium quality vanilla-flavoured products and the fact that most ice cream innovations contain vanilla ice cream. Over the last 3 years 58% of new ice cream product launches across the global market either contain vanilla or are solely vanilla flavoured ice cream products (*Vanilla: 3064 out of a total 5274 products. Source: Mintel (Global New Products Database (GNPD))* [LINK](#)).

In short: The ice cream industry has a major interest in having a secure natural vanilla supply chain in place, able to satisfy growing demands.

[The issue in more detail \(See infographic ex Crop Trust: LINK\)](#)

In a 2021 Crop Trust<sup>3</sup> report, the global natural vanilla production and consumption are in a vulnerable situation, as inefficiencies in production and market systems have led to an unsustainable international market. Commercially produced vanilla has very little genetic diversity, which means that a pandemic pest or disease risk is a reality and could bring massive damage to the crop. Much like the Cavendish bananas which are susceptible to a deadly fungus.

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<sup>3</sup> <sup>3</sup> The Crop Trust is an international non-profit organization dedicated to conserving and making crop diversity available for use globally, forever and for the benefit of everyone

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Existing plant populations, including those conserved in collections are highly vulnerable to genetic erosion and loss. The global climate crisis is driving an uncertain future to the vanilla crop diversification due to major climate events such as floods, cyclones, and natural disasters. Vanilla is vulnerable to dry spells, heat waves and extreme winds.

Vanilla has a complex growing lifecycle. It grows as a vine and can live in harmony symbiotically on trees in rain forest environments. Unsustainable farming methods and illegal land-use have cleared large strips of agricultural areas in vanilla growing regions leading to deforestation, which limits agricultural productivity and wider biodiversity. This also intensifies the risk of pest and diseases to the crop. As the main source of commercial vanilla comes from vanilla planifolia, a single pest may result in complete crop failure. Preservation of the genetic resources of the vanilla planifolia genus would secure vanilla biodiversity and improved security of supply. Industry will need to come together to drive vanilla biodiversity.

Political, environmental & social vulnerability makes the product and the market inherently unstable that access to security of supply and quality of supply is available only at a premium and drive companies to reduce their exposure to vanilla's volatility – further worsening the problem.

A variety of sustainability schemes seek to promote and improve labour standards, environmental impacts, anti-corruption, social impacts in the extended vanilla supply chain and encourages robust traceability, sustainable procurement policies, certifications, and independent audits, thereby supporting the foundations of vanilla farming, trade and enhancing the security of sustainable natural vanilla supply.

Globally, Madagascar is the biggest producer of vanilla beans for export (ca 75%). Madagascar is also one of the poorest countries of the world. Together with Indonesia, Madagascar dominates the natural vanilla supply chain. A variety of circumstances have resulted in supply chain disruption and volatility in the natural vanilla market: poor governance, theft, quality issues, planting of new vanilla when prices are high, followed by low farmer investment during economic crisis resulting in quality issues, reduced harvest, poverty drop, ultimately, threatening the sustainability of the crop and security of supply.

Natural vanilla growing is a complex process which could benefit a lot from increased scientific knowledge on the various steps involved in the process. Natural vanilla mostly originates from Vanilla planifolia, a species of the vanilla orchid, it is one of the primary sources of natural vanilla flavouring due to its high vanillin content. It takes 3-4 years before a small vanilla plant has developed to grow flowers. To highlight the delicacy of the process, in Madagascar (the biggest global producer of Vanilla), each flower on a vanilla plant requires manual pollination due to the absence of natural pollinators. Then the vanilla bean matures slowly in circa 9 months from pollination. Post-harvest the beans are traded, selected, dried, and cured. After further sensory/quality checks the vanilla beans are ready for export. The dried beans end up in a variety of commercial preparations which are used in the ice cream industry (cut pods, "specks"; powder extract; vanilla sugar, vanilla bean paste).

Vanilla is extracted by soaking ground vanilla beans in a solution of alcohol and water. The flavours are captured from the beans into the alcohol. Sometimes heat is used to accelerate this process. Cold extraction is also possible, resulting in a higher quality product. There are different types of vanilla extracts, which may differ depending on the extraction processes used.

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Flavour manufacturers and traders are key players within the vanilla market, with some owning their own production facilities for conversion of the raw material (vanilla beans) into vanilla extract and other vanilla ingredients. The vanilla market itself is consolidated with global vanilla production concentrated only in a few countries, making it vulnerable e.g., to climate change. To ensure security of supply the vanilla flavour industry are seeking to expand their sourcing options into other countries. The vanilla flavour industry has also set up their own sustainability programmes.

The labour intensive, complex growth cycle and route to market of natural vanilla, results in high prices, making natural vanilla a very attractive target for food fraud and criminal activity. This can only be controlled by having a combination of analytical testing methods, and traceability systems to validate the authenticity of the natural vanilla purchased.

Other challenges include resilience of the vanilla plants to environmental /climate change, farmer livelihoods and social working conditions in a complex trading context. Some of these elements are addressed in the European Green deal due diligence directive proposal which was adopted in February 2022. The EU Commission proposal aims to foster sustainable and responsible corporate behaviour throughout global value chains. Companies will be required to identify and, where necessary, prevent, end, or mitigate adverse impacts of their activities in their extended supply chains on human rights (child labour, exploitation of workers) and on the environment (biodiversity loss, deforestation, pollution).

Given these challenges and the importance of vanilla for the Ice cream industry, we call upon all European Ice Cream companies associated with Euroglaces to:

- Step up industry activities to ensure commercial vanilla security of supply by improving the livelihoods of vanilla farmers and supporting initiatives to drive vanilla biodiversity (join existing initiatives or set up something new).
- Identify the risks of human right exploitation and environmental challenges (for farmers' incomes and the crop), i.e., gap analysis/risk assessment that may threaten the sustainability of vanilla in your own supply chain to understand how to mitigate risk
- Develop a sustainable vanilla procurement policy, which states a company position on certification schemes or internal company verifications reviewing regions/vendors/ driving supplier accountability further down the chain
- Ensure appropriate vanilla internal traceability systems which will allow you to sign up to a responsible sourcing scheme to evidence the procurement of sustainably sourced vanilla – mapping supply chains understanding of where vanilla is being purchased and address any gaps in visibility of procurement and documentation
- Consider using some certification schemes for sustainable vanilla or internal company verification – see annex for some examples.

On top of these first steps to support sustainable vanilla; any cross-industry initiatives that safeguard vanilla genetic diversity or foster scientific knowledge of natural vanilla growing will contribute even more to vanilla farmer livelihoods and social progress. If ice cream companies associated with Euroglaces were to set their own internal targets, followed by their own monitoring of progress, this would help to drive sustainable vanilla sourcing and associated production, thereby contributing to a more secure and resilient vanilla supply chain.

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### ANNEX

#### Certification schemes

Some of the European Ice Cream companies associated with Euroglaces already participate in industry wide schemes which promote transparency and traceability of sustainable and responsible agriculture (including the growing and harvesting of the vanilla crop). This is not an exhaustive list, but these schemes offer a vehicle of communication to the consumer of the commitment to the sustainable sourcing of vanilla in Ice Cream products. \*

*\*Note: this document scope is related to support of and responsible production and sourcing/procurement of vanilla as well as demonstration of due diligence for relevant companies. This does not relate to the overall communication to the consumer. Any product claims to the consumer referencing the sustainable production and sourcing of vanilla are made under own company responsibility.*

Some examples of known/participated schemes are below –

- Rainforest Alliance (<https://www.rainforest-alliance.org/>)
- Fairtrade (<https://www.fairtrade.org.uk/>)
- Organic ([https://agriculture.ec.europa.eu/farming/organic-farming/organics-glance\\_en#theorganiclogo](https://agriculture.ec.europa.eu/farming/organic-farming/organics-glance_en#theorganiclogo))
- SAI (Sustainable Agriculture Initiative) Platform FSA (Farm Sustainability Assessment) Silver & Gold (not an on-pack logo, claims are limited to website and promotional activity only)
- SVI (Sustainable Vanilla Initiative) (not certificated) (<https://saiplatform.org/>)
- FairForLife([https://www.fairforlife.org/pmws/indexDOM.php?client\\_id=fairforlife&page\\_id=home](https://www.fairforlife.org/pmws/indexDOM.php?client_id=fairforlife&page_id=home))
- Company internal sustainability verification based on suppliers' data.

#### References

Vanilla for change ([Vanilla For Change | Save the Children UK](#))

Crop trust – protecting Vanilla one of our favourite flavours (Dec 2021): <https://www.croptrust.org/news-events/news/protecting-vanilla-one-of-our-favorite-flavors/>

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Sustainable food lab an overview of Sector Governance (2018): <https://sustainablefoodlab.org/wp-content/uploads/2018/02/Sector-Governance-Short-Paper-Jan2018v2.pdf>

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CBI: The European market potential for vanilla extract (2021): <https://www.cbi.eu/market-information/natural-food-additives/vanilla-extract/market-potential>

Mintel: Global Products Database (GNPD) (2019 -2022 vanilla product launches):  
<https://www.mintel.com/global-new-products-database>

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