

2021/22

# FOREVER CHOCOLATE PROGRESS REPORT

Our springboard for fresh ambition

## Introduction

Sustainability is at the heart of Barry Callebaut, representing one of our four strategic pillars. In 2016, we launched Forever Chocolate, the next chapter in our long-standing commitment to building a sustainable cocoa and chocolate supply chain.

Forever Chocolate is our plan to have more than 500,000 cocoa farmers in our supply chain lifted out of poverty, to eradicate child labor from our supply chain, to become carbon and forest positive, and to have 100% sustainable ingredients in all of our products. Every year, we report on the progress of these time-bound, measurable targets, which are assured by a third-party independent assurance provider.

Halfway through our Forever Chocolate timeline, we have used the past year to take stock of the impact we have generated since 2016. In addition, as the future requirements for a sustainable chocolate supply chain are constantly evolving and transforming, we have assessed where our targets need sharpening. Our conclusion? We want to add fresh ambition to our Forever Chocolate Plan. In fiscal year 2022/23, we will present a set of sharpened targets, using our ongoing Forever Chocolate targets for 2025 as a springboard.

Our sixth Forever Chocolate Progress Report, covering fiscal year 2021/22, shows that we continue to scale up our activities by partnering with customers as well as societal and industry stakeholders to create tangible impact on the ground, while at the same time publicly advocating for policies to make sustainable chocolate the norm.

Our over 1,600 colleagues in cocoa origin countries give us a unique pool of expertise. As an early sustainability adopter in the cocoa and chocolate industry, we have developed strong sustainability know-how and capabilities.

That is a key enabler of our robust program implementation and impact-driven solutions, and a point of differentiation for our customers. We continue to be the preferred partner to drive impact, delivering on our Forever Chocolate ambitions, and addressing customer needs.

“A fully sustainable cocoa and chocolate sector can only be achieved with the support of all stakeholders. We continued to scale up our activities with partners to create tangible impact on the ground, while also advocating for policies to make sustainable chocolate the norm.”

Nicolas Mounard  
VP Sustainability and Farming

## **Our key achievements in 2021/22 include:**

- **Prospering Farmers – Our Farm Services** business continued to support 171,710 (+36.7%) farmers in 2021/22. In addition, programs to support subsidized soil inputs and paid labor teams were ramped up across 8,000 hectares in Côte d'Ivoire and Ghana.
- **Zero Child Labor** – 80.6% of the farmer groups that are part of our direct supply chain<sup>1</sup> have systems in place to prevent, monitor and remediate child labor compared to 61.4% in prior year.
- **Thriving Nature** – We launched our intensified agroforestry approach across 11,000 hectares in Ghana and Côte d'Ivoire with a focus on long-term success through training, extended monitoring and payment for ecosystem services.
- **Sustainable Chocolate** – With the support of our customers, we increased the proportion of products sold containing 100% sustainable cocoa or chocolate to 49.4% in 2021/22, compared to 42.6% in prior year. This corresponds to one in two products.

More information on these and other achievements, as well as on our approach and measured impact, is given in the following sections on each pillar.

### **Shaping policy, regulations and norms**

A fully sustainable cocoa and chocolate sector can only be achieved when all supply chain actors are committed to supporting the development of an enabling environment. A cause for which Barry Callebaut has been a driving force from the start. In

December 2019, Barry Callebaut partnered with industry associations, companies and NGOs, requesting that the European Union introduce legislation imposing due diligence obligations on all companies that sell cocoa or cocoa products in the EU market. We are happy to see that our vision and accompanying advocacy work are yielding results and are supporting the development of a level playing field for all companies – the proposed EU legislation on **deforestation and human rights, and environmental due diligence** will provide impetus to strengthen an enabling environment, as well as the market pull, for sustainable cocoa. In 2021/22, we continued to actively participate in the EU Cocoa Talks, a multi-stakeholder dialogue on sustainable cocoa. In this forum, we contributed to the development of the **EU-led Alliance on Sustainable Cocoa and its roadmap**. In June 2022, this roadmap, which aims to advance sustainability across the cocoa supply chain through collective action and partnerships, was endorsed by the European Union, Côte d'Ivoire, Ghana, as well as industry associations. In addition, in July 2022, Barry Callebaut, together with other industry players, signed the **Côte d'Ivoire-Ghana Cocoa Initiative (CIGCI) Economic Pact**, joining forces with the Ivorian and Ghanaian governments to accelerate the transition to a living income for all farmers.

### **Traceability – a key priority that can only be achieved through collaboration**

Traceability to farm level – knowing where the cocoa we source is grown – plays a crucial role in addressing some of the structural sustainability issues in the cocoa supply chain. Accurate insights into cocoa sourcing, gathered through polygon mapping and geo-localization based on satellite images, are imperative for us in our efforts to eliminate deforestation. Barry Callebaut has already achieved high levels of traceability in its direct

supply chain. We have been publicly disclosing the geolocation of our direct suppliers in Côte d'Ivoire, Ghana and Cameroon since 2018/19 and regularly update the **map**, most recently in February 2022. In 2021/22, a total of 230,749 farms located within 25 kilometers of a protected forest area were mapped and monitored. This led to full traceability for beans originating from these farms.

In order to achieve traceability in our indirect supply chain, developing a government-mandated, national traceability system is essential. In this respect, Barry Callebaut supported a **cocoa and chocolate industry statement** affirming a willingness to consolidate and share industry-gathered data with Ghanaian and Ivorian authorities. The data will be aggregated into a single database owned and driven by producing countries, with the aim of achieving robust national traceability systems. In addition, we are also in support of Ivorian and Ghanaian efforts to set up a cocoa farmer identification registry. In 2021/22, we partnered with the **CCC (Le Conseil du Café-Cacao)** on a traceability pilot project. This pilot was established to test data sharing between government agencies and industry to feed the learnings into the development of a consolidated national farm database, currently being built by the CCC. We are also actively working on transferring our traceability know-how from our direct to our indirect supply chain. In 2021/22, we conducted a pilot program with three key indirect suppliers in Côte d'Ivoire, training them on precise and timely data collection. Building on the insights, we have gained regarding current levels of traceability among local indirect suppliers and how we can best assist them, we plan to onboard additional suppliers, and the cooperatives they source from, to further improve and scale up their traceability efforts.

<sup>1</sup> According to the Agri-Logic report "FFB Côte d'Ivoire company report Barry Callebaut", on the state of the cocoa sector in Côte d'Ivoire analyzing data collected between March 2020 and February 2021.

### **Our commitment to reporting on Environmental, Social and Governance risks**

Our values represent a mindset and way of doing business that is committed to generating sustainable returns over time and creating long-term value for all stakeholders. We are dedicated to running all our operations with transparency and integrity, which includes reporting on our Environmental, Social and Governance (ESG) policies and risks. Identifying and addressing the key ESG issues facing our business and our approach to addressing these issues requires regular dialogue with our stakeholders. This principle underpins our approach to our non-financial reporting and our **materiality assessment** practices. In addition, we publicly disclose our **GRI Reports** and **CDP Reports** and maintain a dedicated public website covering a range of **key ESG topics** that impact our operations and supply chain.

### **External recognition of our progress and impact**

In September 2022, **Barry Callebaut was ranked #1 out of close to 600 companies in the “Food Products” category by Sustainalytics**, a leading player in assessing industry efforts to manage Environmental, Social and Governance (ESG) risks in supply chains. This is the fourth consecutive year that Barry Callebaut has been recognized as an industry leader in the management of the Environmental, Social and Governance risks in our supply chain. This result once again confirms our leadership position, not only in the cocoa and chocolate sector, but also in comparison to our peers in the broader food and beverage industry.

In addition, **CDP**, an independent organization that assesses the carbon reduction plans of over 14,000 companies, awarded Barry Callebaut, for the first time, an A in global forest stewardship for 2021, along with 23 other high-performing companies leading in corporate action and transparency on deforestation. We were also ranked “CDP Leader” for the fourth consecutive year for our carbon reduction achievements and our supplier engagement efforts to reduce scope 3 emissions, which are emissions that extend beyond our direct supply chain.