



FOREVER
CHOCOLATE
 MAKING SUSTAINABLE CHOCOLATE THE NORM

**Ambitious Targets,
 Leadership, Customer Solutions
 and Operational Excellence.**

Introduction

Sustainability is at the heart of Barry Callebaut. In 2016, we launched [Forever Chocolate](#), the next chapter in our long-standing commitment to building a sustainable cocoa and chocolate supply chain.

Sharpening our sustainability targets

In May 2023, we [presented a set of sharpened targets](#) for Forever Chocolate. Why have we sharpened our targets? Because the requirements of a sustainable chocolate supply chain are constantly changing and evolving. Moreover, since the start of Forever Chocolate, we have continuously generated new insights through data analysis and engagement with experts. This has given us a fresh perspective on how to continue to innovate, create meaningful impact, and drive change at scale in the chocolate supply chain, now and beyond 2025.

We are committed to driving long-term systemic change toward a sustainable cocoa supply chain, with the support of our customers and to the benefit of all stakeholders.

Defining leadership beyond targets

We have not only sharpened our targets, but also fundamentally rethought our approach in order to achieve the biggest impact. Our approach combines ambitious targets, thought leadership, customer solutions and operational excellence.

With regard to thought leadership, we are committed to leading by example and providing valuable insights through, for example, the release of our [White Paper](#) backed by six years of vigorous data and collaboration

with Agri-Logic, IDH and Rainforest Alliance. Its findings provide actionable steps that underpin Barry Callebaut's vision for a transformative approach to improve the existing cocoa farming model in Côte d'Ivoire and, more broadly, across West Africa.

Concerning customer solutions, our customers are our priority and we have developed key flagship programs that provide innovative solutions tailored to their needs. For instance, Mondelez International has played a vital role in developing our strategy of assisting farmers with dedicated labor teams. We are also one of Nestlé's key partners for its [income accelerator program](#) and in March 2023, we partnered on a [large-scale agroforestry project in Côte d'Ivoire](#). In June 2023, we [extended our strategic supply agreement with Unilever](#) to continue supporting them on their goal to achieve and manage 100% sustainably sourced cocoa. In addition, we facilitated the [Love A-fair collaboration between Ben & Jerry's and Tony's Chocolonely](#), through which the two companies are pooling their efforts on sustainability.

As to operational excellence, this is driven by our people, who form the backbone of our organization, contributing their expertise, skills, and unique perspectives. With over 1,600 colleagues in cocoa-origin countries, we have a unique pool of expertise. As an early sustainability adopter in the cocoa and chocolate industry, we have developed considerable sustainability know-how and capabilities.

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Forever Chocolate is focusing on four pillars, addressing the material challenges in the cocoa and chocolate supply chain: **Prospering Farmers, Human Rights, Thriving Nature and Sustainable Ingredients.**

We report every year on the progress of these time-bound, measurable targets, and these reports are verified by an independent third-party assurance provider.



PROSPERING FARMERS

By **2025**, 500,000 cocoa farmers in our supply chain will have been lifted out of poverty. By **2030**, we will have mobilized key stakeholders around a transformative cocoa farming model generating living income.



HUMAN RIGHTS

By **2025**, our entire supply chain will be covered by Human Rights Due Diligence, remediating all child labor cases identified. By **2030**, the farming communities we source from are empowered to protect child rights.



THRIVING NATURE

By **2025**, we will be forest positive. By **2030**, we will have decarbonized our footprint in line with global efforts to cap global warming at 1.5 degrees Celsius. By **2050**, we will be a net zero company.



SUSTAINABLE INGREDIENTS

By **2030**, we will have 100% certified or verified cocoa and ingredients in all of our products, traceable to farm level.

We believe our operational excellence is a key enabler of our robust program implementation and impact-driven solutions as well as 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. Barry Callebaut is the largest supplier of sustainable cocoa products and chocolate. We strive to excel in every aspect of our operations across the entire supply chain and have the ability to scale up on key activities with precision.

Our key achievements in 2022/23

This, our seventh, Forever Chocolate progress report covers fiscal year 2022/23, which ended on August 31, 2023. The report highlights our achievements from the past year and delves deeper into our evolving strategy. It underlines our commitment to intensify our efforts by collaborating with customers, industry partners, and wider society, to drive real change on the ground. Simultaneously, we remain steadfast in our advocacy of policies to make sustainable chocolate the norm.

Prospering Farmers – from “training” to “support doing”

Many cocoa farmers struggle to make a living income. Their main challenge is access to investments in their farms. This is why we shifted our focus from training to providing input support. Our support ranges from subsidized soil inputs and planting material to financial support for third-party labor services and additional premiums. Improving quality yield per hectare remains key to lift smallholder cocoa farmers out of poverty and put them on a trajectory towards a living income.

Our Farm Services business continued to support 169,981 (-1.0%) farmers in 2022/23. Notably, our programs to support paid labor teams were considerably scaled up, reaching 19,326 (+138.3%) hectares in Côte d'Ivoire, Ghana and, for the first year, Cameroon.

Human Rights – adding to remediation

In 2022/23 76.5% of the farmer groups that are part of our direct supply chain¹ have systems in place to prevent, monitor and remediate child labor. Compared to 80.6% in prior year, this is a slight decrease due to the larger number of farmer groups we source from (+26.5%). We will now focus our efforts on strengthening community systems to better protect children whilst still continuing our aim of remediating all cases of child labor found. As part of fighting the root causes, in 2022/23, we supported 1,371 (+17.3%) Village Savings and Loan Associations (VSLAs) with the aim of improving access to livelihood resources. The VSLAs reported total new savings deposits of CHF 1.3 million helping mostly women in cocoa communities to better manage their household cash flow, and issued a total of CHF 0.7 million in small affordable loans. The loans help fund emergencies, investments for new income-generating activities or specific needs such as education.

Thriving Nature – aligning with global efforts to cap global warming

In 2022/23, we extended the area covered by our intensified agroforestry approach with a focus on long-term success through training, extended monitoring and payment for ecosystem services (PES). We newly established 18,066 hectares (76.8%) and provided PES

¹ In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering almost 70,000 farmers from our indirect supply.

on 3,971 previously established hectares by the end of the fiscal year. We are focusing on inseting our carbon emissions through agroforestry and other decarbonization initiatives across our factories and value chain. This shift is aligned with the emissions reduction trajectory of the Paris Agreement for 2030, and will help us become a net-zero company by 2050.

Sustainable Ingredients – stepped-up commitment to transparency

In 2022/23 our mapping efforts have covered 547,804 (+37.2%) cocoa farm plots, encompassing 78.9% (compared to 79.7% in prior year, as we expanded our supply chain in Côte d'Ivoire) of our direct supply chain², allowing us to establish traceability to farm level for the cocoa volumes sourced from these mapped farms. With the support of our customers, we also continued to increase the proportion of products sold containing 100% verified or certified cocoa or chocolate to 51.5% compared to 49.4% in prior year.

Establishing industry-wide sustainability standards and programs is essential for the sustainable sourcing of raw materials, as certification is only the starting point. We have continued to work with suppliers and industry programs to define and implement sustainability standards for all ingredients we source. Our approach has been built on the view that sustainability impacts can be effectively scaled up only if they are embedded in and supported by government policies.

More information on these and other achievements, as well as on our approach and measured impact, is provided in each pillar chapter of this report.

Building the enabling policy environment

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. In the European Union (EU), an important milestone toward this goal was reached with the entry into force of [the Regulation on deforestation-free products \(EUDR\)](#) in June 2023, which bans deforestation-linked goods from entering or exiting the EU. This legislation is the result of four years of advocacy efforts by Barry Callebaut, other companies, industry associations and NGOs that partnered together to call on the EU to 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. At the same time, the introduction of an appropriate transition period is imperative for the successful implementation of the regulation.

In addition to the EUDR, the proposed [Directive on Corporate Sustainability Due Diligence \(CSDDD\)](#) will provide impetus to strengthen an enabling environment, as well as the market pull, for sustainable cocoa.

In 2022/23 we continued to actively participate in the EU-led Alliance on Sustainable Cocoa, a Multi-

Stakeholder Dialogue (previously known as the Cocoa Talks). Previously, we contributed to the development of the [roadmap](#) for the Alliance, which was endorsed in June 2022 by the governments of Côte d'Ivoire and Ghana as well as by industry representatives. The roadmap aims to improve the economic, social and environmental sustainability of cocoa production. Since then, we continue to participate in specific focus groups of the Alliance, such as the Traceability and Standards Focus Group.

In July 2022 we signed the [Côte d'Ivoire - Ghana Cocoa Initiative \(CIGCI\) Economic Pact](#), joining forces with the Ivorian and Ghanaian governments and other industry players to accelerate the transition to a living income for all farmers. In 2022/23, we actively participated in a working group on Price and Markets, aiming to deliver solutions and recommendations addressing key drivers of change. Going forward, we will also be participating in other technical working groups.

We believe that these regulatory and multi-stakeholder initiatives represent an important step forward in driving the necessary transformation of the cocoa sector, and are important building blocks for making sustainable chocolate the norm.

Our commitment to reporting on Environmental, Social and Governance (ESG) 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 tackling these issues requires regular dialogue with our stakeholders. This principle is underpinned by our approach to our non-financial reporting and our [materiality assessment](#) practices. A dedicated [task force](#) is employed to oversee, coordinate and align all relevant ESG activities in order to achieve these objectives. 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. In 2023/24, we will also address the Task Force on Climate-related Financial Disclosures (TCFD).

² In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering almost 70,000 farmers from our indirect supply.

Recognition of our progress and impact

In 2023, Barry Callebaut was once again ranked #1 in the Packaged Foods category by [Sustainalytics](#), a leading player in assessing industry efforts to manage Environmental, Social and Governance (ESG) risks in supply chains. This is the fifth consecutive year that Barry Callebaut has been recognized by Sustainalytics as an industry leader in the management of the ESG risks in our supply chain. This result once again reaffirms our leadership position, extending beyond the cocoa and chocolate sector, to our peers in the broader food and beverage industry.

In addition, [CDP](#), an independent organization that assesses the carbon reduction plans of nearly 15,000 companies, awarded Barry Callebaut, for the second time, an 'A' in global forest stewardship for 2022, along with 24 other high-performing companies leading in corporate action and transparency on deforestation. We were also ranked a CDP Leader for the fifth consecutive year for our carbon reduction achievements and our supplier engagement efforts to reduce scope three emissions, which are emissions that extend beyond our direct supply chain.

Awards and Recognition





PROSPERING FARMERS

Prospering Farmers



Our goal

By **2025**, 500,000 cocoa farmers in our supply chain will have been lifted out of poverty. By **2030**, we will have mobilized key stakeholders around a transformative cocoa farming model generating living income.

Background

Cocoa cultivation, unlike many other food crops, heavily relies on manual labor in many cocoa-growing regions. Most of the world's cocoa (almost two-thirds) comes from Côte d'Ivoire and Ghana, where it is cultivated by mostly independent smallholder farmers who supply various companies, and sometimes via several cooperatives. Cocoa farmers, along with their families, typically live in villages and travel to work on their farms. Most of the work and labor on the farm is carried out by the farmer and their families, themselves. It is common for farmers to work on multiple fields, owning some of the plots while leasing others.

Farmers face a challenge when it comes to making a living from a small farm. According to data from [Agri-Logic](https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper) for the 2021/22 production season in Côte d'Ivoire, the average cocoa farmer is 50 years old. The

average household size is 10.6 people, which decreases to 7.5 people when excluding dependents who may or may not be relatives but nonetheless rely on the farm. Farms have an average size of 5.9 hectares, with approximately 3.8 hectares primarily dedicated to cocoa cultivation. There are an average of 1,347 cocoa trees³ per hectare.

Increasing cocoa yield for smallholder farmers is difficult as it requires substantial investment in labor-intensive and time-consuming pre-harvest activities and costly farm inputs, such as soil fertilizer. However, the average farmer in West Africa currently spends 70% of their time doing post-harvest activities and only 30% doing pre-harvest activities. At the same time, cocoa represents a significant portion of the earnings for these smallholder farmers, accounting for 70% to 85% in Côte d'Ivoire⁴ and two-thirds in Ghana⁵.

³ According to the white paper "Farmer yield and income in Côte d'Ivoire, an analysis of Farmer Field Books (FFBs)", summarizing the key findings of six years of collaboration between Barry Callebaut, IDH, Rainforest Alliance and Agri-Logic with a focus on data collected during the cocoa agronomic season of 2021/22. Available from <https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper>

⁴ Pluess, J. (November 2018), Children's Rights in the Cocoa-Growing Communities of Côte d'Ivoire, Abidjan: UNICEF Côte d'Ivoire. Available from <https://sites.unicef.org/csr/css/synthesis-report-children-rights-cocoa-communities-en.pdf> (accessed August 5, 2021).

⁵ Cocoa Farmers in Ghana experience poverty and economic vulnerability (2017). Available from <https://cocoainitiative.org/> (accessed August 2, 2021)

Our approach

At Barry Callebaut, we aim to transform the way cocoa is produced by enhancing the existing farming model in Côte d'Ivoire, West Africa, and beyond. We firmly believe that focusing on increasing production volumes from a smaller group of farmers, who can then achieve a living income through a combination of better yield, larger farms, and higher farm gate prices, is the key. Our extensive six-year study⁶, in collaboration with Agri-Logic, IDH, and Rainforest Alliance, confirms that poverty reduction is driven by these three crucial factors: yield, farm size, and price.

Yield - higher yield through higher investment in farms

Both the study and a trial project with one of our largest global customers under our Farm Services business have demonstrated that increased investment in pre-harvest labor, particularly for tree pruning, and greater investment in the right mix and amount of soil fertilizers can improve cocoa yields and increase farmer income. However, one of the challenges cocoa farmers face is the financial cost of this pre-harvest work. Cocoa farming is also primarily a family-operated business, and the cost of additional labor for pruning as well as soil fertilizers is often out of reach for farmers. Through our close collaboration with farmers, we acknowledge that this is not due to a lack of farming knowledge. The challenges farmers face are related to structural and agricultural issues associated with the cost of production.

From "training" to "support doing" via our Farm Services business

Based on these findings and our work on the ground with farmers, in the past fiscal year we have redefined our Farm Services business, focusing less on farmer training and instead increasing support for pre-harvest activities. Better soil management, financial support for third-party labor services and improved planting material are needed to improve cocoa farmers' quality yield per hectare.

It is critical to have an in-depth understanding of the conditions, challenges and potential of the farms and farmers we work with. At the end of fiscal year 2022/23, our extensive database covered 325,859 (+38.2%) farmers with full data. This means we have captured their socioeconomic and household data through census interviews and mapped the geographical location and the size of their farms.

The gathering of farmer data also helps us to gain a more detailed picture of farmer profiles and a better understanding of farmer needs for our Farm Services business. As part of our Farm Services business, our Farm Services specialists work with individual farmers to evaluate their farm landscape – soil analysis, age of cocoa trees, presence of alternative crops and livestock – and categorize the agricultural skills and resources the farmer already possesses. This results in the formulation of individualized Farm Business Plans (FBPs), including a multi-year model of the potential income a specific farm can generate if managed optimally. This tailored approach is unique and is only made possible by the over 1,600 dedicated people we have working on the ground in cocoa-producing countries. In 2022/23, 128,950 (+7.4%) farmers adopted FBPs and a total of 169,981 (-1.0%) cocoa farmers in Côte d'Ivoire, Ghana, Cameroon, Brazil, Ecuador and Indonesia benefited from our Farm Services support.

Better soil management through subsidized fertilizer

Poor soil quality and the suboptimal use of agrochemicals is associated with declining cocoa yields. Supporting farmers with soil management techniques, we continued increasing the number of farmers receiving productivity packages to 63,155 (+9.0%) in 2022/23. Given the increased cost of fertilizers, we also continued to focus on subsidizing fertilizers for farmers in Ghana and Côte d'Ivoire. Funded by Cocoa Horizons customers, a total of almost CHF 1.5 million was allocated to such subsidies.



325,859 (+38.2%) farmers with full data collected (geographical mapping and farmer census).

⁶ According to the white paper "Farmer yield and income in Côte d'Ivoire, an analysis of Farmer Field Books (FFBs)", summarizing the key findings of six years of collaboration between Barry Callebaut, IDH, Rainforest Alliance and Agri-Logic with a focus on data collected during the cocoa agronomic season of 2021/22. Available from <https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper>

Supporting farmers with external labor teams

In addition to the application of soil fertilizer, adequate tree pruning also plays a critical role. Farmers receive crucial support for their operations through our labor team programs. By combining soil fertilizers with effective pruning, cocoa trees can maximize their fruit production, leading to improved quality and yield.

[Launched in 2021/22](#) by Barry Callebaut, along with customers such as Mondelez International, Nestlé, Ben & Jerry's, and customers of the Cocoa Horizons Foundation, our labor teams program empowers farmers by assisting them with labor-intensive tasks such as pruning, weeding and correct pesticide application, and fertilizer usage. This initiative has also established professional service providers. Local community members and cocoa farmers are contracted by cooperatives to form labor teams. Equipped with the necessary tools and equipment, these teams not only provide valuable support but also gain an additional source of income.

Thanks to the support of our customers we significantly expanded the program in 2022/23, covering a vast area of 19,326 (+138.3%) hectares. This includes 15,192 hectares in Côte d'Ivoire, 3,676 hectares in Ghana and, for the first year, 401 hectares in Cameroon and 57 in Nigeria. In Cameroon we pilot-tested the labor teams in five cooperatives, ensuring that there was at least one pilot in every cocoa-producing region.

In the upcoming fiscal year, we aim to continue scaling our innovative approach providing external labor support to farmers in West Africa.

Providing improved planting material

In addition to providing support in the form of pre-harvest labor and optimized soil inputs, the age and type of trees play a significant role in cocoa yield. Barry Callebaut aims to rejuvenate cocoa farms by distributing more resilient and higher-yielding seedling varieties. Worldwide, we distributed almost 4.1 million (+4.5%) cocoa seedlings in 2022/23. From our cutting-edge nursery production facility in Brazil alone, we distributed 417,260 high-quality cocoa seedlings in 2022/23. These seedlings are carefully bred for resistance against various pests and diseases that negatively impact cocoa production.

Already capable of producing 2 million seedlings per year, our Brazilian nursery aspires to scale up to 6 million seedlings annually in the near future, to be sold at a competitive price to cocoa farmers in Brazil.

To create a thriving ecosystem for cocoa farms, a diverse range of tree species is essential. In 2022/23, we distributed almost 3.3 million (-35.3%) non-cocoa trees, not only diversifying farmer incomes but also providing beneficial shade for cocoa seedlings, removing CO₂ and enhancing soil quality and biodiversity on cocoa farms. All these benefits of sustainable cocoa cultivation in an agroforestry system, as well as how we focus on long-term success through training, extended monitoring and payments for ecosystem services (PES) are described in more detail on page 17.

Farm size - the importance of larger farms and our support for land titles

Our data analysis⁷ shows that a larger farm can significantly increase income by allowing for greater cocoa production, but only if coupled with adequate investment.

However, encouraging farmers to pursue long-term yield improvement activities (such as soil management and planting material) can be a challenge due to limited land tenure and tree rights. In contrast to many other countries, applying for land certificates in West Africa is often an expensive and time-consuming process. To help tackle this issue, we have cooperated with industry partners, donors and local implementers through the [Côte d'Ivoire Land Partnership \(CLAP\)](#) since 2019. Our joint efforts have resulted in the development of an upscaling model for land registration, granting farmers access to more affordable and faster land documentation. This initiative places significant emphasis on including marginalized groups and preventing land conflicts.



19,326 (+138.3%) hectares covered by programs to support farmers with paid labor teams to improve cocoa quality yield.

⁷ According to the white paper "Farmer yield and income in Côte d'Ivoire, an analysis of Farmer Field Books (FFBs)", summarizing the key findings of six years of collaboration between Barry Callebaut, IDH, Rainforest Alliance and Agri-Logic with a focus on data collected during the cocoa agronomic season of 2021/22. Available from <https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper>

In Ghana, Barry Callebaut has co-funded the 'Cocoa Household Income Diversification Project' under the Beyond Chocolate Partnership. Through the contributions of our customers to the Cocoa Horizons program and our partners [Meridia](#), [IDH - The Sustainable Trade Initiative](#), [ALDI SÜD](#), [Solidaridad West Africa](#) and the [Ministry of Development Cooperation Belgium](#), we have successfully provided land registration documents to 500 Ghanaian cocoa farmers.

Having formal rights to the land not only increases farmers' legal tenure security, but can also resolve land disputes. Secure land rights can encourage farmers to invest in their land.

Price - Higher price through premiums and shifting the discussion to farm gate price

With regards to higher price, the findings⁸ show that price mechanisms can support an increase in farmer income, and that these efforts should be coupled with other factors such as yield, farm size and farm location.

At Barry Callebaut, we are actively collaborating with our customers on various premium-paying programs. We also facilitate the way farmers receive their premiums. In 2022/23 [we continued scaling our digital premium payment solutions across West Africa, Indonesia and South America](#). Digital premium payments benefit cocoa farmers by establishing credible income records and accelerating financial inclusion. Our digital payment program has also facilitated thousands of West African farmers to obtain a national ID by working with community and government authorities.

We are also a living income implementer, encouraging and supporting our customers to follow suit. One example of this is our facilitation of [Tony's Open Chain](#), which is bringing together like-minded living income contributors such as [Ben & Jerry's](#).

In addition, in 2022/23 we made efforts to enhance our purchasing practices. This includes reviewing our contracts, particularly for cooperatives in Côte d'Ivoire that cater specifically to our customers, reflecting our customers' multi-year commitments. In Côte d'Ivoire, we have signed three-year contracts with 90 percent of the cooperatives from which Barry Callebaut directly sources.

Furthermore, in 2022/23 Barry Callebaut actively participated in the working group on pricing mechanisms under the Côte d'Ivoire-Ghana Cocoa Initiative (CIGCI) Economic Pact. Our aim is to shift the focus of discussion to the farm gate price, recognizing that higher farm gate prices contribute to poverty reduction. We believe that analyzing the appropriate mechanisms in a broader context of price construction, including the significance of farm gate prices and export prices, will have the greatest positive impact on farmers' incomes.

Systemic change together with all supply chain actors

Achieving a fully sustainable cocoa and chocolate sector requires commitment from all stakeholders in the supply chain. To enhance the implementation and impact of our Farm Services offerings, collaboration among sector-wide stakeholders and the public sector to drive structural change are imperative in driving poverty reduction.

Government action at origin is essential to address the issues of traceability, rural infrastructure development and proper enforcement of national policies and legislation. These interventions must be coupled with regulatory intervention in cocoa-consuming regions to drive demand for sustainably sourced cocoa.

This is why we are committing to mobilize key stakeholders around a transformative cocoa farming model that generates a living income.



Almost **3.3 million trees** distributed for agroforestry projects; almost **4.1 million cocoa seedlings** distributed.

⁸ According to the white paper "Farmer yield and income in Côte d'Ivoire, an analysis of Farmer Field Books (FFBs)", summarizing the key findings of six years of collaboration between Barry Callebaut, IDH, Rainforest Alliance and Agri-Logic with a focus on data collected during the cocoa agronomic season of 2021/22. Available from <https://www.barry-callebaut.com/en/barry-callebaut-agrilogic-white-paper#>

To encourage higher levels of investment in farms, land consolidation is needed to increase farm size. This should be accompanied by the creation of mainstream banking opportunities for farmers, facilitating investments in their farms, as well as the development of integrated agricultural policies that ensure adequate cocoa supply management, land titles for farmers, a registry for cocoa farmers and alternative livelihoods for cocoa farmers in protected forest areas. While the modernization of cocoa farming practices is imperative, the resulting increase in cocoa yield needs to be addressed by consolidating the number of cocoa farms. To facilitate this transition, these farm policies should also encourage the production of other essential agricultural goods that promote income diversification and alternative livelihoods for farmers. Lastly, it is crucial to optimize the pricing structure to maximize its impact on farmer incomes. Only through the broad movement of public and private actors will we be able to drive the change that is required in the cocoa supply chain.

Our measured impact

To measure our progress towards our target to have more than 500,000 cocoa farmers lifted out of poverty by 2025, we are using as a starting point the International Poverty Line definition of extreme poverty, which is USD 2.15/day adjusted for differences in purchasing power and cost of living⁹. The World Bank poverty line has been revised from \$1.90 to \$2.15 in September 2022¹⁰. This increase is not affecting us, as we adjusted our calculations for purchasing power parity regardless, adding inflation on a yearly basis, currently applying a benchmark of \$2.57. We have also

slightly updated our methodology aligning with the OECD household equivalent scale.

In 2022/23, measured against the International Poverty Line threshold of USD 2.15/day, we estimate 269,762 cocoa farmers in our supply chain are no longer in poverty, compared to prior year (+26.0%). The increase can primarily be attributed to the successful harvest facilitated by favorable rainfall in West Africa during the 2022/23 crop season. Additionally, our updated methodology now also includes premiums for sustainable cocoa. Unfortunately, the negative impact of inflation in Ghana cannot be disregarded, as it resulted in a comparable percentage of farmers crossing the poverty line compared to the previous year.

Lifting cocoa farmers out of poverty is a first step. We are aiming for a longer poverty reduction perspective towards 2030, towards a living income. Our activities are designed to help farmers in Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil move from subsistence to living incomes thanks to increased productivity, bigger farms and higher prices. We measure success by focusing on outcome over outputs. Our new Prospering Farmers ambition for 2030 will create a framework where our performance is measured on average yield, income and farm size of the cocoa farmers we source from. Delivering some of these outcomes, such as farm size, are beyond our direct influence. We are therefore committed to mobilizing key stakeholders, including governments, to unite around a transformative cocoa farming model generating a living income.

Key metric

269,762

Number of cocoa farmers in our supply chain lifted out of poverty, measured against the World Bank's USD 2.15/day threshold for extreme poverty

Enabling KPIs

169,981

Number of cocoa farmers supported through Farm Services activities

128,950

Farmers adopted an individualized Farm Business Plan

Our commitment to the UN SDGs



⁹ World Bank Data Hub. Available from <https://datahelpdesk.worldbank.org/> (accessed September 27, 2021).

¹⁰ World Bank Data Hub. Available from <https://www.worldbank.org/en/news/factsheet/2022/05/02/fact-sheet-an-adjustment-to-global-poverty-lines> (accessed July, 27, 2023).



Human Rights



Our goal

By **2025**, our entire supply chain will be covered by Human Rights Due Diligence, remediating all child labor cases identified. By **2030**, the farming communities we source from are empowered to protect child rights.

Background

At the core of Barry Callebaut's culture and values is a respect for human rights, forming an intrinsic part of our commitment to building a sustainable cocoa and other ingredients supply chain to make sustainable chocolate the norm.

We recognize that protection of and respect for every individual's rights are fundamental and need to be provided and safeguarded at all times. Accordingly, Barry Callebaut observes the principles set forth in the [Universal Declaration of Human Rights](#), the United Nations (UN) [Convention on the Rights of the Child \(CRC\)](#), the [African Charter on the Rights and Welfare of the Child](#), the [United Nations Guiding Principles \(UNGP\) on Business and Human Rights framework](#) and the [Organization for Economic Co-operation and Development \(OECD\) Guidelines for Multinational Enterprises](#).

Our operations, programs and activities have an influence on the livelihoods of many people around the world, and on the lives of their children. Children's

rights are distinct from other human rights, because children are reliant on their families, as well as on local communities, governments and businesses, to assume responsibility for their protection and care. According to the Convention on the Rights of the Child (CRC), every child has the right to protection from harm, and this means protection from all forms of harm and abuse, not only child labor. Our work is aligned with the four core principles of the CRC: non-discrimination; devotion to the best interests of the child; the right to life, survival and development; and respect for the views of the child.

We source ingredients, especially cocoa, from regions where child labor, defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development, is known to occur, for cocoa, mostly on family owned farms¹¹. In line with the UN Guiding Principles, we believe that the solution lies not in terminating sourcing activities from these regions, but in assessing, monitoring and addressing the risk of

¹¹ As defined by the International Labour Organization. Available from <https://www.ilo.org/ipecc/facts/lang--en/index.htm>

children becoming involved in child labor. Abandoning a region because of the challenges it faces would only worsen its economic and human rights situation.

Our approach

Under our Human Rights pillar we envision that all children are able to embrace opportunities and realize their full potential living in communities that are safe and self-reliant for all.

Our approach is two-fold. We commit to covering our entire supply chain by Human Rights Due Diligence, while remediating all child labor cases identified, by 2025.

In addition, by 2030 cocoa communities in our direct sustainable supply chain are empowered to protect child rights.

Systemic change together with all supply chain actors

At Barry Callebaut we support a system strengthening approach, contributing to existing government structures, working with multiple stakeholders. Our aim is to make a meaningful impact by promoting partnership, engaging stakeholders and enhancing human rights interventions. Through multi-stakeholder engagement, including Public Private Partnerships (PPPs), we can broaden knowledge, improve effectiveness, and eliminate inefficiencies while stepping up local and regional advocacy to better protect basic human rights. We believe that human rights issues in our supply chain can be tackled only in collaboration with all stakeholders.

Education is an essential tool to strengthen a protective environment for children and an integral part of our approach. We are therefore proud to support [CLEF \(Child Learning and Education Facility\)](#), an innovative public-private partnership focused on scaling investments to systemically improve access to quality education in Côte d'Ivoire. Scaling up education is an essential tool to promote children's rights and combat child labor. The partnership brings together government officials from Côte d'Ivoire, cocoa and chocolate industry representatives, and philanthropic organizations including the Jacobs Foundation.

In Brazil, in 2022/23, we successfully concluded the initial pre-competitive project on child rights and labor rights with the International Labour Organization (ILO) and Cocoa Action. This project has led to the formulation of the [Cocoa 2030 strategic guidelines](#), which are aligned with our community approach, strengthening child protection systems, education, infrastructure and alternative income streams. Discussions are currently underway regarding an extension of the project, and Barry Callebaut has been and will continue to support and promote this initiative.

Our company efforts need to be coupled with cocoa sector collaboration as well as public intervention to bring about structural solutions to child labor. In June

2021, a report published by the European Commission on ending child labor in Côte d'Ivoire and Ghana stated that there is a need for high-level collaboration among implementers at the local level and a need to improve overall institutional structures and collaboration. In addition, it noted that current efforts to eliminate child labor are not sufficiently and structurally embedded within a functioning institutional support system and called for a wider systems-based approach¹².

We believe that enforcement of a strong regulatory framework to protect human rights in origin countries should be part of a broader effort to strengthen an enabling environment for sustainable cocoa farming. Such an approach would go hand in hand with the due diligence legislation currently in the final stages of the legislative process in the EU, which can only be fully effective if sector-wide traceability is established and effective systems are set up to identify, prevent, mitigate and remediate adverse effects of business activities on human rights and the environment. In this context, Barry Callebaut supported the proposed [EU Directive on Corporate Sustainability Due Diligence \(CSDDD\)](#). We are continuing to engage in constructive dialogue with regulators as they work on finalizing the text of the legislation, to ensure that it is effective and fit-for-purpose.

Human rights due diligence

Barry Callebaut applies an overarching human rights due diligence framework modeled after the [OECD Due Diligence Guidance for Responsible Business Conduct](#).

Policy commitment, governance and management system

Details on our human rights due diligence framework can be found in our in 2022/23 updated [Employee Code of Conduct](#), as well as our [Supplier Code](#) and [Global Human Right Statement](#).

Barry Callebaut's Board of Directors has the overall responsibility of ensuring that Environmental, Social and Governance (ESG) related policies and strategies align with the long-term strategy and business model of the company. A cross-functional ESG Committee has the formal authority to oversee a coordinated integration of human rights policies, procedures and actions across the business.

This fiscal year we have started to enhance our grievance procedures to ensure that allegations or concerns can be expressed safely.

Identifying and assessing human rights impacts

For all ingredients we source, we use Verisk by Maplecroft© as a first human rights risk assessment, which quantifies the salient human rights risk at a country and ingredient level. This is followed by in-depth, independent¹³ Human Rights Impact Assessments (HRIAs) for all the main cocoa sourcing countries and regions. Following Ecuador in the previous fiscal year, in 2022/23 HRIAs were conducted in Brazil, Cameroon, Côte d'Ivoire, Ghana, Indonesia

¹² Full report available from <https://euagenda.eu/publications/ending-child-labour-and-promoting-sustainable-cocoa-production-in-cote-d-ivoire-and-ghana>

¹³ Brazil, Cameroon, Côte d'Ivoire and Ghana in partnership with [Ergon](#), Indonesia in partnership with [Save the Children](#) & [The Centre](#) and Ecuador in partnership with [Solidaridad](#).

and Nigeria. Results of the HRIAs are now being used to prioritize and develop our interventions and engagement with suppliers.

Enhancing trainings

To ensure we put policy into practice, meaning ensuring our employees and suppliers gain an understanding of the policies and the issues they cover and can respond appropriately, we continued delivering training to all suppliers in our direct cocoa supply chain. They received training on the concepts of child and forced labor as well as support in their efforts to assess and address child labor. Such training is provided in collaboration with our NGO partners. In addition, this fiscal year, as part of our employee onboarding, we developed an online training program covering our Code of Conduct and our basic child and forced labor concepts. On top of that, employees who work directly with the communities and farmers are required to attend in-depth training and annual refresher courses on the issues of child labor and forced labor.

Child protection training and awareness raising is also a key aspect of our strategy in the cocoa communities we source from. In 2022/23, in Cameroon, we broadcast our radio program to more districts and in Côte d'Ivoire the crew on our Cocoa Horizons truck continued to sensitize farmers on multiple topics including child protection and organized medical visits with local health authorities directly in the cocoa communities.

Supporting our suppliers' due diligence processes

We also expect our suppliers and their employees, agents and subcontractors to share our strict commitment to human rights, particularly the eradication of forced labor and child labor. All suppliers are required to sign our [Supplier Code](#) and they are requested to conduct their own human rights impact assessment, have a functioning grievance system, train and conduct awareness raising sessions among their own suppliers, and monitor and provide for or cooperate in remediation where required.

In the cocoa communities we source our cocoa, we are supporting our suppliers in setting up their due diligence process.

As such, we support the establishment of Human Rights Committees (HRCs) at the farmer group level. We assist them in developing their Human Rights structures and function and enable them to effectively assess and address adverse human rights impacts in their cocoa supply chain operations.

The HRCs oversee and manage the prevention, identification and remediation of human rights violations. In 2022/23, in Côte d'Ivoire, new Human Rights Committees were set up in 182 farmer groups and trained on how to assess, address and monitor human rights violations. Ghana and Cameroon will follow in the coming fiscal year.

Child Labor Monitoring and Remediation System (CLMRS)

In 2022/23 we continued to monitor and identify cases of child labor in our cocoa supply chain in West Africa via our Child Labor Monitoring and Remediation Systems (CLMRS) based on the industry practice as developed by the [International Cocoa Initiative \(ICI\)](#). We also work very closely with ICI to remediate the cases of child labor identified. Our approach to remediation involves a diverse strategy that prioritizes education, social issues and gender-related considerations. Remediation activities include the provision of school kits and birth certificates, which are crucial legal documents for protecting their rights and enabling access to schools, education and training inputs on child labor awareness for families and communities, and follow-up visits to farmer homes.

Our community approach

Barry Callebaut considers children to be a critical group for breaking the cycle of poverty but also the most exposed to harm and violence. Our goal is to build a protective environment for children to realize their rights and full potential. To work towards this end, we support a community systems approach working holistically to tackle interconnected challenges. Since our first interventions in the cocoa communities we have applied an iterative process using the learnings and expertise of our partners, aiming to continuously improve our interventions towards sustainable impact and improved wellbeing of the cocoa families and their communities.

This starts with understanding which farming communities are most at risk, and providing these farming communities with the necessary support through a combination of strengthening the local child protection system, access to quality education and adequate community infrastructure, and improved livelihoods.



We have now conducted in-depth, independent Human Rights Impact Assessments (HRIAs) for **all the main cocoa sourcing countries and regions**.

For our direct cocoa supply chain we continue to strengthen our community approach. This approach follows recommendations from our Zero Child Labor roadmap developed in 2020, developed with the support of [Embode](#), a social protection and human rights consultancy.

Our approach is child-participatory and gender sensitive and starts at the local level, engaging with children, parents, families, teachers, schools and community members to create empowered communities that guide their own development and make lasting change for the future.

In 2022/23 we collected data on community protective risk indicators using [ICI's Protective Community Index](#), an assessment of general access to services that help protect children in cocoa-growing communities. 5994 communities were surveyed across our supply chain in Côte d'Ivoire (3,285), Ghana (2,039), Cameroon (574) and Nigeria (96).

We utilize this data to prioritize the communities on which we will focus our interventions and to design interventions that promote a protective environment for children. Moreover, this data helps us assess changes in the provision and quality of community services over time.

Our community approach relies on a framework of collaborative action from all stakeholders.

Strengthen local child protection systems

The governments of cocoa producing countries are setting up national child protection systems. At local level, there are formal (government) and informal child protection structures at regional and community level. In Barry Callebaut's cocoa sourcing countries in Africa and in Indonesia, we work with community-based child protection groups, defined as a collection of people, often volunteers, who aim to ensure the protection and well-being of children.

This program brings district and/or local-level government agencies, social welfare specialists, community planners, teachers, and religious leaders together in a spirit of partnership, for the purpose of preventing child labor and protecting child rights. Since these groups are composed of trusted community members, they are in a unique position to engage with fellow community members and children.

In 2022/23, in Indonesia, we established thirteen additional Child Protection Committees (CPC). We have provided these CPCs and 41 other already established groups in the country with child protection training. We also collaborated with local governments under the Child Friendly Villages program and actively supported government events related to children in multiple locations. For the over 200 previously supported CPCs in West Africa we continue assessing how to best support and train CPC members to prevent, respond and refer child protection concerns, including child labor, in collaboration with local public authorities.

Improved community infrastructure

Most cocoa farming communities in Africa and sometimes also in Ecuador and Brazil are characterized by infrastructural deficiencies and a lack of public services. The development needs are mostly related to access to services that help protect community members, children in particular. It includes factors related to their fundamental human rights such as water, sanitation, hygiene, health, nutrition and electricity and school infrastructure. Enhancing community infrastructure involves conducting needs assessments, developing Community Action Plans (CAPs), and empowering communities to mobilize resources for projects.

Improved access to quality education

All children have the right to learn and primary education is fundamental for their development. School attendance also prevents excessive work on farms and therefore helps to eliminate child labor. A NORC report¹⁴ and a research paper by ICI¹⁵ both emphasize the positive impact of school-based interventions, especially when combined with other activities, and conclude that they are particularly effective in tackling child labor.

In 2022/23 our activities therefore included the provision of school kits and birth certificates, in some countries a requirement to enable attendance at school. We also offered literacy classes and opportunities for children who are no longer in school and supported school infrastructure to create a conducive learning environment.



We supported 1,371 Village Savings and Loan Associations (VSLAs). They reported **CHF 1.3 million in new savings** deposits and issued **CHF 0.7 million in loans** for members to finance new business ideas.

¹⁴ NORC Report (2020), Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana. Chicago: University of Chicago – 2008/09 to 2018/19.

¹⁵ ICI research (July 2021), Effectiveness Review of Child Labour Monitoring and Remediation Systems in the West African Cocoa Sector.

Additionally, Barry Callebaut continued partnering with Nestlé as one of the implementers of the [Nestlé income accelerator program](#) in Côte d'Ivoire, piloting new methods of incentivizing school enrollment through direct cash payments.

Improved access to livelihood resources

Barry Callebaut's human rights strategy is focused on the social aspects of livelihoods, in particular on its inclusion and gender objectives, which are directly linked to our Prospering Farmers Pillar without duplicating it.

In 2022/23, through the Cocoa Horizons program and other customer sustainability programs, we continued funding Village Savings and Loan Associations (VSLAs). VSLAs provide a safe way, at typically a relatively low cost, for our farmers and community members to access financial services. In 2022/23 the majority of the 1,371 (+17.3%) VSLAs were funded by the Cocoa Horizons Foundation. 70.4% of VSLA participants were women, who play an important role in child protection. The VSLAs reported total new savings deposits of CHF 1.3 million, and issued a total of CHF 0.7 million in small affordable loans. The loans help fund emergencies, investments for income-generating activities or specific needs, such as education.

Our measured impact

In 2022/23 the percentage of the farmer groups that are part of our direct supply chain¹⁶ and with whom we undertake child labor monitoring and remediation activities is 76.5%, slightly lower compared to the 80.6% in prior year, as we expanded our supply chain in Côte d'Ivoire. We continued to increase the number of communities we now cover with our child labor monitoring and remediation systems, including 348 (+26.5%) farmer groups, representing 343,019 farmers (+35.4%) in Côte d'Ivoire, Ghana, and Cameroon. As a result, in 2022/23, we identified 53,839 (+113.4%) cases of child labor.

While the total number of child labor cases identified has risen due to our increased community coverage, we were also impactful in remediating cases during the past fiscal year, with 65,569 (+56.9%) of the reported cases from this and previous years now under remediation.

Implementing individualized remediation interventions for a specific child and family takes time – both to build a relationship with the family and determine the best course of action to address the case of child labor. According to ICI recommendations, a case can only be considered remediated when two consecutive onsite inspections have shown that the child is no longer subjected to child labor. If a child is found to be engaged in child labor during a follow-up visit, we will revisit the remediation plan where appropriate and continue following up on the case. The total process of identification, remediation and two follow-up visits takes at least twelve months.

This fiscal year, the number of identified child labor cases considered remediated on the grounds that the child was not found performing child labor during two consecutive monitoring visits amounted to 10,504 cases (+269.3%).

Using the Maplecroft Child Labor Index methodology, we now believe that the risk of child labor is adequately addressed with respect to 28.8% of the cocoa and non-cocoa volumes we source from third-party suppliers compared to 22.6% in prior year.

Going forward, Barry Callebaut will continue to dedicate its resources towards strengthening the protective environment for all children in cocoa communities and to realize their rights and full potential. Success will be measured by the number of cocoa farming communities that have established functioning child protection systems, as well as the percentage of adults and children reporting an improved sense of well-being.

Key metric

53,839

Number of child labor cases identified

65,569

Number of child labor cases in the process of remediation

Enabling KPIs

77%

Farmer groups in our direct supply chain¹⁶ have systems in place to prevent, monitor and remediate child labor

29%

Cocoa and non-cocoa volume sourced from third-party suppliers covered by equivalent child labor monitoring systems

Our commitment to the UN SDGs



¹⁶ In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering almost 70,000 farmers from our indirect supply.



Thriving Nature



Our goal

By **2025**, we will be forest positive. By **2030**, we will have decarbonized our footprint in line with global efforts to cap global warming at 1.5 degrees Celsius. By **2050**, we will be a net zero company.

Background

Agriculture, while being a significant contributor to climate change, is also one of the sectors most affected by its consequences. At the same time, impacts of climate change, poor soil quality, the suboptimal use of agrochemicals, and a lack of natural inputs, such as shade cover and pollinators, are putting additional pressure on cocoa farmers, who are already struggling with declining cocoa yields.

Our approach

To ensure the stability of ecosystems we are committed to reducing our carbon footprint and achieving a forest positive supply chain. This means our goal is to go beyond sourcing activities and deforestation-free supply chains and contribute to long-term and large-scale forest conservation. At the same time our aim is to empower communities, helping farmers prosper by increasing the long-term productivity of cocoa farming in environmentally suitable areas while mitigating the impact of climate

change, preserving ecosystems and restoring natural biodiversity on existing farmland. While maintaining our target to become forest positive by 2025, we have shifted our focus from carbon offsetting to insetting our carbon emissions through agroforestry and other decarbonization initiatives across our factories and value chain. This shift is aligned with the emissions reduction trajectory of the Paris Agreement for 2030, and will help us become a net zero company by 2050.

Our journey to net zero

We aim to be a net zero company, meaning, we will decarbonize our emissions through reduction and removals to a minimum and then neutralize residual emissions. Greenhouse gas (GHG) emissions in a food company's supply chain are, on average, 87% of its total emissions¹⁷. The most significant GHGs in Barry Callebaut's supply chain are carbon dioxide (CO₂) from deforestation and methane (CH₄) from dairy cattle. This means that our emissions extend far beyond the locations and facilities where we produce our chocolate and cocoa products, fillings, decorations and

¹⁷ CDP: Hungry for change: Are companies driving a sustainable food system? Available from <https://www.cdp.net/en> (accessed August 5, 2021)

compounds. This is why we are committed to assessing the carbon impact created by our own operations (scope 1), the impact generated by the energy we use (scope 2), and the impact of our supply chain (scope 3), which includes the production and processing of all the raw materials we source, and related Land Use Change (LUC).

In 2019, we released our first science-based targets (SBTi). These decarbonization targets have been externally assessed and support the global decarbonization trajectory required to limit global warming to +1.5°C. In 2022/23 we worked with Quantis to review and refine our methodology approach, elevating our GHG inventory procedure to best practice with the [GHG-P LSRG guidance](#). We intend to release the outcomes of our updated GHG inventory approach, alongside our Net Zero Roadmap and quantified 2030 SBTi Targets, during the upcoming fiscal year.

Reduction in scope 3

Land Use Change (LUC) emissions, which refers to carbon emissions resulting from the transformation of forest land to agricultural land, form the biggest part of our carbon liability. Greenhouse gas emissions associated with our dairy sourcing, followed by emissions from the sourcing of other ingredients and transportation, are also significant.

Identifying and measuring deforestation and carbon emissions associated with LUC at a large scale and in sufficient detail is notoriously difficult. This becomes all the more complicated when working with third parties that have complex supply chains.

Through the implementation of innovative technologies and in collaboration with academia, start-ups, and other stakeholders, we are committed to tackling these challenges, reducing our carbon footprint and achieving a deforestation-free and forest positive supply chain.

We have been actively engaged in fostering discussions on GHG accounting methodologies, specifically in the cocoa sector. During the previous fiscal year, in collaboration with the World Cocoa Foundation (WCF), we co-funded a comprehensive study to evaluate the industry's progress in aligning GHG inventory approaches. In 2020 we developed the [first satellite-based assessment approach for cocoa-related LUC emissions](#).

In collaboration with the [Gold Standard Foundation](#) and [SustainCert](#), Barry Callebaut achieved an industry-first inseting certification allowing us to verify annual removals since 2017/18. In 2022/23 we updated our certification, elevating it to meet the updated requirements set by SustainCert. Based on this work, the resulting carbon removals from our agroforestry inseting can be shared with our customers.

Addressing the emissions from LUC, we have focused our activities on monitoring deforestation and preventing produce from deforested land from entering our supply chain.

Deforestation monitoring approach

Our [deforestation-free protocol](#), published in 2021/22, describes the processes for assessing risks of deforestation within our supply chain. In order to monitor and prevent deforestation it is crucial to know exactly where ingredients are produced. Mapping of the location of the farmers we are sourcing from is a first step to ending deforestation. Mapping allows us to assess the proximity of farm and forest overlaps, including areas of protected forests. Especially for cocoa, our efforts combine mapping with polygons with geo-localization based on satellite images. In addition, in order to manage the risk of cocoa being associated with deforestation or illegal production, we also monitor the volumes we source from the mapped areas compared to credible yield assumptions. For more details on our progress on traceability to farm level per ingredient turn to page 22. We will continue to work on improving our due diligence collaboration with cooperatives and farmers in areas with high risks of deforestation, and will also cease or scale back our sourcing activities where necessary.

In order to monitor deforestation within and beyond farm boundaries, we partner with [Swift Geospatial](#), a company that leverages near real-time open access disturbance alerts. Its data is overlaid with traceability data for cocoa and other ingredient growing areas to track deforestation patterns.

In 2022/23 we also continued to contribute to the development of the West Africa Cocoa Farm Dataset and Deforestation Risk Assessment (DRA), working together with the World Cocoa Foundation and Climate Focus in partnership with the World Resources Institute as well as other companies. The DRA's main aim is to facilitate effective landscape partnerships and encourage pre-competitive collaboration. Paired with the outputs of the risk assessment, collaboration can focus on the areas that matter most for addressing deforestation. We could then upload the latest DRA into Swift Geospatial. This will guide our efforts to redirect our sourcing and sustainability activities towards areas where risks of deforestation and/or needs in terms of reforestation or farmer support are the highest.

Forest conservation at landscape level

Our commitment to being forest positive extends beyond exercising due diligence on and around farms and drives us to proactively support forest conservation. Our focus centers on collaboration in multi-stakeholder partnerships that develop landscape initiatives promoting community-based management models for forest conservation and restoration. We are dedicated to preserving and enhancing biodiversity through both on-farm activities, such as agroforestry, and off-farm activities, like reforestation. Restoration of degraded forests and ecosystem corridors between and near farms aims to bring back the ecosphere of a forest, such as water, soil quality and native plant species. But the restoration of these ecosystems extends beyond just the environmental factors. These landscapes are connected to farms and communities, so protecting and restoring these

ecosystems can also improve the livelihoods of farmers and enhance the well-being of farming communities. Currently, we are engaged in active restoration efforts in the Agbo 2 Forest in Côte d'Ivoire, in which, although designated as protected, many hectares of forest have been lost over time to illegal slash-and-burn, logging and poor agricultural practices. In May 2021, supported by the Cocoa Horizons Foundation, and in partnership with [FORLIANCE](#), [EticWood](#), the forest governance organization [SODEFOR](#) and, most importantly, the local communities, we commenced a reforestation and biodiversity restoration initiative for 300 hectares of degraded forest. Through this activity, we are also creating employment opportunities for local communities. Since then we planted over 125,000 seedlings of almost 30 endemic tree species on more than 100 hectares. Natural regeneration has been promoted on an additional 100 hectares and a similar amount of dense but degraded forest has been protected. As a result previously degraded forest zones are recovering and the current seedling survival rate exceeds 70%. The high survival rate is mainly due to favorable weather conditions and close collaboration with the local community and authorities. More than 200 community members from surrounding villages have been involved in income-generating activities and through the creation of a nursery, firebreaks and regular patrols, we fostered acceptance, sensibilization and education in regards to reforestation.

Enhancing on-farm ecosystems with agroforestry

Through our agroforestry and reforestation efforts we aim to mitigate the impact of climate change and restore natural biodiversity while helping farmers to prosper and increase their long-term productivity. At the same time our agroforestry insetting approach also allows for the removal of carbon within our own supply chains and those of our customers.

Agroforestry is a technique that helps farmers to develop cocoa farms that are more resilient to drought and diseases, have better soil quality, produce better and higher yields, and that can provide them with additional sources of income.

Cocoa grown under shade trees is also linked to increased biodiversity, carbon removals, and improved soil structure. In collaboration with local experts and based on the latest scientific findings for each origin, we determine the best mix of forest and fruit tree species to promote cocoa and soil regeneration and attract pollinators, while providing extra income for farmers and removing carbon.

Our intensified agroforestry approach, launched in 2022 in Ghana and Côte d'Ivoire, is focused on long-term success through training, extended monitoring and payments for ecosystem services (PES). PES means that farmers get paid on a yearly basis for the survival of the planted trees as a reward for carbon removals. Besides the additional money from the PES, the fruit and timber trees planted among the cocoa trees allow the farmers to further diversify their income.

Our agroforestry approach is a farmer-centric, long-term program building on trust and loyalty. In the first year, farmers get sensitized on agroforestry, receive farm diagnostics, support with the planting design, seedling kits and technical training. The following year, replacement seedlings are distributed if needed, and technical coaching continues with a focus on pruning assistance. Additionally, we are actively exploring natural tree regeneration approaches, providing support for the growth or, if necessary, replanting of existing seedlings on farms. The first payment for ecosystem services based on seedling performance is also rendered. These activities continue in the following years and are accompanied by land tenure interventions. Land rights are essential to ensure a living income for farmers and sustainable cocoa production practices. Having formal rights to the land they farm allows farmers to safely invest in their land in order to secure their livelihoods. Our approach also aims to support farmers in bringing the fruits and other products they produce through agroforestry programs to the market.

In 2022/23, in partnership with the Cocoa Horizons Foundation and major customers we extended the area covered by our intensified agroforestry approach with a focus on long-term success through training, extended monitoring and payment for ecosystem services.



Our intensified agroforestry approach now covers an additional **18,066 (+76.8%) hectares**.

We newly established 18,066 hectares (+76.8%) and provided PES on 3,971 previously established hectares by the end of the fiscal year. In Côte d'Ivoire and Ghana, we processed our PES digitally for the first time, utilizing the convenience of Mobile Money. To be able to scale our approach very rapidly, implementation was done both in-house as well as through two external providers. We aim to add additional origins to our PES agroforestry model. In 2022/23, we conducted design phases in Brazil and Indonesia while feasibility studies are planned for Cameroon and Ecuador. Last fiscal year, we signed a long-term agroforestry insetting project with Nestlé, rolling out 11,500 hectares of agroforestry to more than 6,000 farmers in Côte d'Ivoire. This joint partnership supports Nestlé's and Barry Callebaut's climate-smart cocoa ambitions by aiming to remove up to 1.3 million tonnes of CO₂e over 25 years. In addition we are also developing an agroforestry insetting solution for smaller clients. We aim to sustain the fast growth of our intensified agroforestry approach in the coming fiscal year, focusing on tree growth and survival to maximize permanent carbon removals and climate resilience on cocoa farms while at the same time diversifying farmer income and supporting livelihood improvement.

Decarbonization for other ingredients

To minimize our carbon footprint, we strive to reduce the environmental impact of not only cocoa but also of the various ingredients that we source. Our sourcing model focuses on securing low-carbon ingredients throughout our supply chain, with special emphasis on the dairy, palm, and sugar sectors. Our approach is focused on establishing a standardized framework that aligns climate-smart practices and enables consistent reporting of greenhouse gas emissions across all our suppliers.

To incentivize the adoption of these environmentally friendly practices, we offer a premium to our suppliers that is directly linked to their implementation of low-carbon practices. By providing this financial incentive, we aim to encourage the widespread adoption of sustainable approaches within and beyond our supply chain.

Creation of a sustainability volumes database

In 2022/23 we added detailed information about our suppliers' sustainability rankings and the carbon footprints of their products to our comprehensive sustainability volumes database.

The data is categorized according to emission sources, aligning with [FLAG-SBTi guidelines](#), ensuring comparability across the entire supply chain. This data-driven approach allows us to devise a reduction strategy and monitor progress towards emission reductions by replacing non-traceable volumes with transparent, traceable, and fully verifiable volumes. We prioritize suppliers with a strong climate performance.

Defining a new sourcing model for sustainable and climate-smart practices

Barry Callebaut acknowledges the issue of transparency and accountability within the agricultural industry, and the challenges inherent in validating suppliers' impact claims. To tackle this, in 2022/23, we established a new sourcing model that rewards sustainable and climate-smart practices by producers, resulting in positive environmental outcomes.

This enables us to offer our customers sustainable ingredients with quantifiable carbon claims derived from climate-smart farming techniques together with complete visibility and traceability regarding the origin of our products. To ensure consistency and compliance, we developed an internal standard in alignment with the [PACT Pathfinder framework](#). This standard defines essential information for the product carbon footprint of our ingredients, facilitating interoperability, reducing costs, and improving data collection, storage, and exchange.

It ensures consistency and comparability across suppliers, compliance with regulations, and that our supply chain consists of fully traceable and verifiable low carbon products, in line with our sustainability targets.

To develop the standard, we compare methodologies across our supply chain partners, adhere to overarching guidelines like [GHG-Protocol](#) and PACT, ensure data quality and comparability, and monitor climate-smart practices continuously.

Implementation of transparent and traceable supply chain volumes

We collaborate with strategic partners like [ruumi](#) to establish a robust digital infrastructure for precise data collection, storage, retrieval, and collaboration among supply chain stakeholders.



We established a **standardized framework** enabling the sourcing of low-carbon ingredients across all our suppliers.

Our partnership with ruumi specifically focuses on the ongoing impact of climate-smart practices on dairy farms, specializing in farm data collection, quantification, and monitoring of greenhouse gas impact. Together, we are developing a standard and digital infrastructure to ensure sustainable sourcing from our dairy suppliers across Europe. By collecting primary farm-level data and following SBTi-FLAG and [GHG-P LSRG guidance](#), we can conduct accurate analyses of farm practices, identify data gaps, and supplement existing information. Additionally, we have partnered with technical experts to implement sustainable, low carbon palm oil sourcing in Malaysia and Indonesia. These concerted efforts reinforce our commitment to transparency, verification, and sustainable development throughout our entire supply chain.

Innovations in energy efficiency and renewables

Cutting emissions begins by improving the energy efficiency of our operations and changing the sources of energy that we use.

In 2022/23, we made significant strides in cutting gas consumption by installing heat pumps in two chocolate factories, resulting in reduction rates of 30% and 20% of gas consumption, respectively. By harnessing the heat generated from the chocolate-making process, we have achieved energy efficiency and a notable decrease in gas usage, as we gradually shift towards renewable electricity.

With a new shell boiler, we also transformed cocoa shells into energy, avoiding fossil fuel use in Abidjan, Côte d'Ivoire. Even in our central logistics warehouse in Lokeren, Belgium, which is designed to meet the highest sustainability standards (BREEAM) and operates as a CO₂ neutral facility powered by solar and geothermal energy, we achieved a 10% reduction in energy consumption by optimizing its air conditioning systems.

On top of the large number of efficiency initiatives executed by our operations teams, we are progressively replacing fossil fuels with green electricity wherever possible. In 2022/23, we increased our renewable energy consumption and 35 of the company's 66 factories are now sourcing 100% renewable electricity. Overall, 76% of our electricity comes from renewable sources, compared to 69% in prior year. Looking at the overall energy (electricity and gas) used in our factories over 49% comes from renewable sources.

Additionally, we expanded existing solar farms in several factories, further bolstering the percentage of electricity generated from solar power. Lastly, we have introduced our first fleet of electric trucks to transport our products to customers in Switzerland.

Systemic change together with all supply chain actors

To ensure the stability of ecosystems, the entire agricultural industry must be committed to reducing its carbon footprint and achieving a deforestation-free supply chain. That entails, on one hand, mitigating the impact of climate change, preserving ecosystems and restoring natural biodiversity and, on the other hand, empowering communities and helping farmers prosper by increasing their long-term productivity in environmentally suitable areas.

Barry Callebaut welcomes the EU [Regulation on deforestation-free products \(EUDR\)](#), which entered into force in June 2023. Together with trade associations, other companies and civil society, Barry Callebaut has been a vocal proponent of EU legislation setting a due diligence obligation on all companies that place cocoa or cocoa products on the EU market. We are happy to see that our vision is yielding results and supporting the development of a level playing field for all companies.

We strongly believe that in order to be effective and achieve its main objectives of fighting deforestation, this piece of legislation has to be accompanied by enhanced cooperation and technical and financial support for producing countries. Specifically, support should be directed towards implementing government-mandated end-to-end traceability systems and establishing a registry for cocoa farmers. Additionally, a thorough review of existing land tenure policies is necessary to improve supply management and ensure compliance with national forest and agricultural policies.

We will continue to work with the governments of Côte d'Ivoire and Ghana, our industry partners and other stakeholders to protect and restore forests, support sustainable cocoa production and thriving communities, and build a forest-positive future. Barry Callebaut was one of the leading signatories behind the [Cocoa & Forests Initiative \(CFI\)](#). In 2022/23 we continued our active engagement with governments through steering committees, working groups, and regular meetings in cocoa growing countries and developed a [new action plan setting targets for CFI 2.0 \(2023-2025\)](#).



35 factories, out of a total of 66 company-wide, are now sourcing 100% renewable electricity.

Our measured impact

In 2022/23 our overall carbon footprint was 7.85 million tCO₂e, which is a -3.2% decrease in comparison to our previous reported footprint. This decrease is partly due to a slight volume reduction (-1.1%). At the same time we managed to reduce our GHG intensity through increased use of renewable energy in our factories and by optimizing the low-carbon sourcing of other ingredients especially palm, dairy and sugar. As a result, our carbon intensity for 2022/23 decreased from 3.52 tCO₂e to 3.45 tCO₂e (-2.1%) per tonne of product. Since the commencement of Forever Chocolate in 2016, we have reduced our overall corporate carbon intensity per tonne of product by almost 20%. Additionally, through agroforestry insetting, we strongly increased our scope 3 removals to 231,408 tCO₂e (+42.2%), independently verified by [SustainCERT](#). This excludes a 20% withholding buffer, safeguarding against potential unforeseen losses of planted trees under our agroforestry activities. Accounting for these removals, our net carbon footprint was reduced to 7.62 million tCO₂e (-4.1%) and our carbon intensity was further reduced to 3.35 tCO₂e (-3.0%) per tonne of product.

In 2022/23 we distributed almost 7.5 million trees, of which 3,271,657 non-cocoa trees for agroforestry projects, 99,400 trees for reforestation projects and 4,087,871 cocoa seedlings.

The percentage of sourced raw materials demonstrated not to be contributing to deforestation was 34.1% in 2022/23 compared to 24.5% the previous year. The difference is mainly because we, for the first time, applied our methodology beyond Cocoa Horizons volumes, now also including all other cocoa volumes directly sourced in Côte d'Ivoire and Ghana. At the same time we expanded our forest scope to reflect the upcoming regulations (EUDR).

[CDP](#), an independent organization that assesses the carbon reduction plans of nearly 15,000 companies, awarded Barry Callebaut, for the second time, an 'A' in global forest stewardship for 2022, along with 24 other high-performing companies leading in corporate action and transparency on deforestation. We also achieved Leadership status for our carbon reduction and supplier engagement efforts for the fifth consecutive year.

Key metric

7.85

million tonnes CO₂e

The carbon footprint of our supply chain from farm to customer

Enabling KPIs

3.45

CO₂e intensity per tonne of product

34%

Sourced raw materials demonstrated not to be contributing to deforestation

Our commitment to the UN SDGs





SUSTAINABLE
INGREDIENTS

Sustainable Ingredients



Our goal

By **2030**, we will have 100% certified or verified cocoa and ingredients in all of our products, traceable to farm level.

Background

Barry Callebaut is the key strategic partner for our customers when it comes to turning sustainability commitments into reality. Switching from conventional to sustainable raw materials enables brands to differentiate their product, meet consumer demands and enhance their value and reputation.

Approximately half of the ingredient volumes we source consists of cocoa products and the other half consists of other ingredients – sugar, dairy, palm oil, coconut oil, sweeteners, nuts, lecithin and vanilla, among other ingredients. Each ingredient we use has a complex supply chain that varies depending on the geographic region where it is grown. Each origin presents its own unique sustainability challenges.

Our approach

To reach our target of 100% certified or verified cocoa and ingredients in all of our products, traceable to farm level by 2030, we are collaborating closely with our suppliers, engaging in industry-level working groups and striving to increase customer demand for sustainable products while implementing our

sustainable sourcing programs across all ingredients. Our goal is to integrate these programs into regulatory frameworks, establish strong government partnerships, and positively shape agricultural policies. We firmly believe that this approach is paramount to amplifying the impact of sustainability on a larger scale.

Whenever possible we are driving impact on the ground by working directly with farmers and cooperatives. In addition to cocoa, we have various origin-based projects covering dairy, coconut oil, palm oil and cane sugar.

We aim to establish industry-wide sustainability standards and programs, which we believe are essential for the sustainable sourcing of all raw materials. This is why we are working with both our suppliers and industry programs to define and implement sustainability standards for every ingredient we source. We have established sustainability standards for the vast majority of our ingredients and we will continue onboarding additional suppliers, further increasing our volumes of sustainably sourced ingredients. Recognizing the

important role of our suppliers in our value chain, we expect our suppliers to share our vision and support our high ambitions for sustainable supply chains.

Traceability

Traceability is a cornerstone of our Forever Chocolate commitment to making sustainable chocolate the norm. Through our traceability systems, we not only ensure transparency and accountability, we can also accurately track and monitor the origins of our products, promoting ethical practices, safeguarding human rights and reducing environmental impact through deforestation monitoring, education, prevention and other programs. There is a growing demand from our customers for segregated flows that align with brand claims. We are actively developing solutions to meet this requirement.

Cocoa traceability

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. It provides us with an in-depth understanding of the conditions, challenges and potential of the farms and farmers we work with. At the end of fiscal year 2022/23, our extensive database covered 325,859 (+38.2%) farmers with full data. This means we have captured their socioeconomic and household data through census interviews and mapped the geographical location and the size of their farms.

Mapping tells us if a farm is located close to or within forests, including protected forest areas, as well as its overall size. Currently, our mapping efforts have covered 547,804 (+37.2%) cocoa farm plots, encompassing 78.9% of our direct supply chain¹⁸ in 2022/23. A slight decrease in proportion compared to the 79.7% from previous year as we expanded our supply chain in Côte d'Ivoire. As a result we have established traceability to farm level for the cocoa volumes sourced from these mapped farms. Accurate insights gained from polygon mapping and from comparing geo-localization data with satellite images of forest are essential in our efforts to combat deforestation. Additionally, to manage the risk associated with deforestation or illegal production, we closely monitor the volume of cocoa sourced from these mapped areas and compare it to credible yield assumptions.

We have publicly disclosed the geolocation of our direct suppliers since 2018/19. We regularly update this information on our [map](#), most recently in March 2023, when we added data from Ecuador, Indonesia and Nigeria while updating the data from Côte d'Ivoire, Cameroon and Ghana.

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 managed 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 2022/23, we continued to partner with the [CCC \(Conseil Café Cacao\)](#) on a traceability pilot project. This pilot was established to test data sharing between government agencies and industry and to feed the learnings into the development of a consolidated national farm database, currently being built by the CCC. Additionally, we transferred our polygon database to the Ivorian government, supporting them in the construction of a comprehensive land use map for the country. We are also actively working on transferring our traceability know-how from our direct to our indirect supply chain. Building on the insights gained from our pilot program in 2021/22, we collaborated with nine indirect suppliers in Côte d'Ivoire in 2022/23. Our collaborative efforts involved training these suppliers on how to effectively implement our traceability procedures. With over 44,000 farmers registered from 52 cooperatives, we were able to create a comprehensive mapping of farmers' plots and gather valuable information regarding their contributions to each cocoa lot. Moving forward, our focus for the upcoming year will be on implementing continued data quality controls as well as some of our sustainability initiatives.



We have **mapped 547,804 (+37.2%)** cocoa farm plots, encompassing 78.9% of our direct supply chain¹⁸.

¹⁸ In line with our core principle of partnering with other stakeholders to create tangible impact on the ground and make sustainable chocolate the norm, this KPI extends beyond our direct supply chain, covering almost 70,000 farmers from our indirect supply.

Supporting customers with sustainable cocoa solutions

We are constantly seeking to unlock more sustainable chocolate products and uses of the cacao fruit. Back in 2010, Barry Callebaut was the first to bring a plant-based alternative to milk chocolate to the market. This later resulted in plant-based chocolate solutions for both industrial and gourmet customers. We also launched [Cabosse Naturals](#), a new brand by Barry Callebaut with an innovative and upcycling supply chain that uses the entire cacaofruit, including the 70% of the fruit that used to be discarded as only the seeds were used for chocolate. [WholeFruit Evocao™](#), the first signature expression of [WholeFruit](#) chocolate, was the first global chocolate to qualify for the [Upcycled Certified](#) mark, developed by the Upcycled Food Association to help consumers identify products that prevent food waste. In 2021, Barry Callebaut also unveiled its first nutraceutical fruit drink [Elix](#). Elix is made from 100% cacaofruit and beneficial for both human and planetary health, as it is also Upcycled Certified.

Meanwhile, our global Gourmet brands are at the forefront, having successfully transitioned to 100% certified or verified cocoa or ingredients. In 2022/23, our [American brand Van Leer](#) also [moved to 100% certified or verified ingredients](#).

Cocoa Horizons

We work with, and implement, various sustainable cocoa programs to improve cocoa farmer livelihoods and farming practices. Among them is Cocoa Horizons, our preferred vehicle to drive impact and deliver on our Forever Chocolate ambition while addressing customer needs. Cocoa Horizons currently accounts for 46.4% of our sustainably sourced cocoa.

The Cocoa Horizons Foundation was established in 2015 by Barry Callebaut with the mission of improving the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming practices, improved productivity, and community development programs that protect nature and children. Premiums from the purchase of HORIZONS cocoa products generated CHF 50.1 million in funds, an increase of over 30% compared to prior year. Today, Cocoa Horizons supports 304,050 cocoa producers across seven countries.

In 2022/23, based on the learnings and insights from past years and aligned with our Forever Chocolate strategy, Cocoa Horizons sharpened its targets and approach to broaden its scope, drive more impact, and set ambitions beyond 2025.

The focus remains on activities proven to have the greatest impact, driven by data, research, and past experiences. For a comprehensive overview of Cocoa Horizons activities, please refer to the latest [Cocoa Horizons Progress Report](#).

Dairy

Dairy products are a key ingredient in many of our chocolate products. Our [VisionDairy](#) Charter focuses on 15 principles for sustainability in dairy farming covering animal welfare, farm governance and the environment. In 2022/23 we further increased our sustainably sourced dairy share to 71.2% according to VisionDairy and other benchmarked standards.

We actively foster collaboration within the industry as a member of the SAI Platform's Dairy Working Group. Taking the lead in various initiatives – such as the adoption of the industry standard [SDP](#), deploying a unified [Carbon reporting tool](#) and establishing a deforestation-free soy supply chain for dairy feed – we are constantly working towards reducing our carbon footprint across our entire supply chain.

Our commitment to decarbonizing the dairy industry is a crucial aspect of our Forever Chocolate targets. We engage directly with processors and farmers to source decarbonized dairy products while ensuring our corporate GHG footprint is minimized. For more information on our efforts in dairy decarbonization, please refer to page [18](#).

Additionally, in 2022/23 we partnered with [FAI Farms](#) and think tank [Farmwel](#) to deliver a Roadmap for Regenerative Dairy. We also support farmers in the US who are transitioning to regenerative agriculture.



71.2% of our dairy is sourced sustainably according to VisionDairy and other benchmarked standards.

Sugar and sweeteners

Beet sugar

At Barry Callebaut, we actively participate in the Sustainable Agriculture Initiative (SAI). As a member of the Crops working group and the Beet Sugar Project, we strive to ensure the sustainability of our beet sugar suppliers. Through benchmarking and monitoring, we expect our suppliers to meet at least the silver-level requirements of the SAI Farm Sustainability Assessment (FSA). Together with the SAI, we collaborate with local suppliers in different regions, encouraging them to embrace sustainable beet sugar production and subsequent verification audits.

Our focus areas include optimizing pesticide and fertilizer usage, maintaining soil health for greater agricultural efficiency, protecting carbon sinks, and optimizing energy usage. In 2022/23 Barry Callebaut partnered with the largest beet producer in Serbia, successfully converting 100% of the supply sourced by our Serbian factory to sustainable beet sugar. Through the FSA 3.0 verification audit, the beet sugar producer Sunoko achieved silver and gold levels, making it the country's first certified sustainable source of beet sugar.

Cane sugar

We work closely with suppliers and partners to drive advancements in our sugarcane supply chains. Our goal is to create value and address critical risks while ensuring the sustainability of our cane sugar. We achieve this through verification by Bonsucro, having endorsed its sustainable sugarcane initiative in 2017.

During the fiscal year, we continued our collaboration with a Mexican supplier, three industry peers, and [Proforest](#) to implement responsible recruitment practices and regenerative agriculture. This resulted in the discontinuation of burning practices, the establishment of reforestation plans and the use of natural fertilizers instead of synthetic fertilizers.

Building upon this success, we plan to expand our approach to several more suppliers in Mexico. Additionally, in partnership with Solidaridad, we are actively engaged in efforts to enhance the yield of cane growers through improved planting management techniques and the implementation of other beneficial agricultural practices.

Furthermore, in Brazil, we are undertaking similar programs to reduce the use of synthetic fertilizers. These fertilizers not only contribute significantly to greenhouse gas emissions but also compromise soil health and result in water pollution, while burdening farmers with elevated costs.

Coconut

The rapid growth of the global coconut market in recent years has resulted in significant and unresolved sustainability challenges, leading to low crop quality, depressed farmer incomes and little incentive to improve practices across the board, despite a growing market.

At Barry Callebaut, we have been at the forefront of efforts to bring together key players and stakeholders

to tackle these issues. In 2019, we partnered with [USAID Green Invest Asia](#) to create [The Sustainable Coconut & Coconut Oil Roundtable](#), an industry movement for sustainable coconut production. Through the Roundtable and consultations with more than 100 industry organizations and civil society groups, [The Sustainable Coconut Charter](#) was developed in 2020. The Charter represents the first attempt to define sustainability in coconut by outlining areas of focus, principles and outcomes expected from sustainability programs in coconut supply chains. In April 2023, the Roundtable was formalized into "[The Sustainable Coconut Partnership](#)", an industry-led multi-stakeholder platform with [BSR](#) acting as the Secretariat. Barry Callebaut is a founding member and currently sits on its Steering Committee. The Partnership is on a mission to work towards a responsible and resilient coconut sector that drives positive impact for farmers' livelihoods, the climate and the environment.

In 2022/23, we continued to work with [Proforest](#) to roll out our Sustainable Coconut Scorecard to more of our key suppliers. This helps us to assess and evaluate the sustainability performance of our suppliers, identifying areas of risk that require monitoring and intervention within our supply base.

We are also striving to make an impact through projects at origin. In 2021, Barry Callebaut and six other global companies embarked on a four-year public-private partnership with [German Agency for International Cooperation \(GIZ\)](#) and [develoPPP](#). The project aims to improve the productivity of sustainable coconut production in two key production areas in the Philippines, General Santos and Southern Leyte, using a landscape-based approach for sustainability assessment, called LandScale. Overall, the project expects to increase the productivity of coconut cultivation in both regions by approximately 20% and generate higher incomes for 10,000 smallholder coconut farmers through higher yield and better farm management practices.

In addition, in 2022 we put in place a [5-year program with the Grameen Foundation](#) in the Philippines to enhance farmers' livelihoods through good agricultural practices, focusing on quality aspects, coconut-cocoa intercropping and CO₂e reductions whilst ensuring a direct and traceable supply chain to farm level. So far the project has successfully connected nine cooperatives with coconut oil mills.

Palm oil

For palm oil we are, on the foundation of traceability, focused on implementing our No Deforestation, No Peat, and No Exploitation (NDPE) policy.

We continue to work towards achieving full traceability to mill (TTM) and traceability to plantation (TTP). In 2022/23, we reached 98.4% TTM and worked with [Earthqualizer](#) to have our mill list verified. We also achieved a TTP score of 87.0%. In addition, [Palmoil.io](#), a third-party platform, established a methodology for identifying likely links from plantations to mills - "Estimated Traceability to Plantation (eTTP)". eTTP

currently covers Indonesia, Malaysia, Mexico, Guatemala, Honduras, Nicaragua, Costa Rica, Panama, Ecuador, Peru, and Brazil.

We collaborate with Palmoil.io to monitor deforestation and supply chain relationships in near real-time, from plantation to refinery. We receive monthly reports with deforestation and grievance monitoring alerts, providing us with actionable insights into potential regulatory and NDPE violations.

In 2022/23, we applied the [Earthworm Foundation's](#) Engagement for Policy Implementation (EPI) tool together with our largest suppliers. This assessment gathers crucial information about our suppliers' NDPE commitments, traceability status, grievance procedures, social and environmental programs, as well as monitoring and verification activities.

In the year under review, we collected [NDPE IRF](#) (Implementation Reporting Framework) profiles from our direct suppliers. The NDPE IRF provides a comprehensive overview of progress regarding our NDPE commitments across our entire supply base. As for the "no exploitation component" of the IRF, we continue to support and align with the industry-wide adopted approach currently being developed through the [Palm Oil Collaboration Group \(POCG\)](#).

Addressing key challenges in our palm oil supply chain requires collaboration with other stakeholders. We actively seek opportunities to collaborate with industry partners through our membership in the POCG. By working together with other companies, we aim to accelerate the effective implementation of NDPE commitments. Additionally, in 2022/23, we joined the [Singapore Alliance for Sustainable Palm Oil \(SASPO\)](#) program backed by the [World Wildlife Fund \(WWF\)](#), which serves as a multi-stakeholder business platform to increase the supply of, and demand for, sustainable palm oil.

In 2023, we have partnered with [Proforest](#), [GIZ](#) and [Tanah Air Lestari \(TAL\)](#) alongside other company funders to invest in Sustain-Kutim, a new sustainable landscape initiative in Kutai Timur, Indonesia. The program will support the Kutai Timur District Government in the implementation of the East Kutai Declaration and Sustainable Plantation Plan 2021-2030, including monitoring land use management and identifying High Conservation Value (HCV) areas;

support smallholders in meeting certification standards (ISPO and RSPO) and village land-use planning, working with cooperative farmer groups and communities to secure land, monitor and manage community forests, improve agricultural practices and support alternative livelihoods.

Moreover, Barry Callebaut continues its active participation in the [Coalition for Sustainable Livelihoods](#), a consortium working towards sustainable land use and improved livelihoods for palm oil farmers through policy, investment, and private sector engagement in North Sumatra and Aceh, Indonesia.

Vanilla

In our pursuit of industry-wide change, Barry Callebaut is actively engaged in the [Sustainable Vanilla Initiative](#) (SVI). Through our collective endeavors we strive to create a more sustainable and prosperous future for vanilla farmers. Sustainable vanilla initiatives used to fall short in addressing the challenges faced by vanilla farmers in Madagascar, particularly the widespread issue of income insecurity. That's why in 2016 we joined forces with our supplier [Prova](#) to implement our own joint program to improve the livelihoods of vanilla producers, promote good agricultural practices, diversify income through cocoa farming, and professionalize farm management, all guided by Barry Callebaut's Sustainable Vanilla Charter.

By the end of the initial 5-year project cycle in 2021, we achieved impressive growth rates in vanilla and cocoa production, bolstering both quantity and quality. We saw a doubling in the number of participating farmers, a tripling of farmer retention rates, and we attained above-average taste profiles for vanilla and cocoa. In the new 5-year project cycle starting in 2022, we introduced an additional focus on climate and forest conservation. In 2022/23 we implemented satellite monitoring for real-time deforestation alerts in collaboration with SWIFT Geospatial. In 2023/24 we will initiate an agroforestry project in collaboration with a local NGO.

Nuts

Hazelnuts

In 2022/23 we continued our sustainability efforts, sourcing [Farm Sustainability Assessment](#) (FSA) verified hazelnuts and onboarding new suppliers. In alignment with our Sustainable Sourcing Policy for Nuts,



We reached **98.4%** traceability to mill and **87.0%** traceability to plantation for the palm oil we source.

Barry Callebaut supported suppliers in conducting audits of their sustainable farming practices, allowing us to make progress toward our sustainability goals in terms of verified raw materials.

We remain committed to sourcing Rainforest Alliance hazelnuts. La Morella Nuts, a part of the Barry Callebaut Group, continued co-financing the Water Stewardship Program in Spain for the second consecutive year. This program aims to mitigate water scarcity and provide crop management tools for hazelnut farmers to improve their profitability. Amidst a year characterized by erratic rainfall patterns and an extended drought, the importance of water optimization has become even more pronounced. These circumstances have led to increased irrigation costs for farmers, underlining the need for effective water management strategies.

Almonds

Barry Callebaut has made progress in implementing [Bee Friendly](#) certification, which aims to promote pollinator-friendly products and production systems, specifically in relation to almonds. This commitment has increased the production of Bee Friendly certified almonds, strengthening the bonds between almond farmers and beekeepers. Our gourmet brand, Cacao Barry, continues to lead the way in environmental sustainability by being the sole brand in the confectionery industry so far to have received this European certification, which prioritizes pollinator well-being.

Additionally, Barry Callebaut’s internal program, Seeds For Change, has invested in initiatives to enhance soil health among almond farmers. In California, we funded the plantation of around 650 hectares of cover crops, benefiting over 3,000 honeybee colonies in 2022/23. In Spain, funds were allocated to acquire machinery that enables the incorporation of pruning and cover crop waste into the soil across a 1,000-hectare area. These practices effectively prevent soil erosion, improve organic input, and facilitate carbon sequestration.

Pistachios

Moreover, as a significant milestone in 2022/23, we successfully onboarded the first Spanish FSA-verified pistachio supplier, achieving the Silver level.

These actions have fostered increased stakeholder engagement throughout our supply chain, in alignment with our Forever Chocolate strategy.

Systemic change together with all supply chain actors

A fully sustainable chocolate supply chain can only be achieved when all actors are committed to supporting the development of an enabling environment. The EU [Regulation on deforestation-free products \(EUDR\)](#) and proposed [Directive on Corporate Sustainability Due Diligence \(CSDDD\)](#) are important steps in this regard as they will provide impetus to strengthen an enabling environment and market pull for certified or verified ingredients while supporting the development of a level playing field for all companies.

Our measured impact

Our Forever Chocolate KPIs for sustainable ingredients are focused on the percentage sourced from certified or verified sources. In 2022/23, we sourced 80.3% (in prior year 73.4%) of our ingredients, excluding cocoa, from certified or verified sources. Including cocoa, we sourced 59.6% (in prior year 50.0%) of our ingredients from certified or verified sources.

Turning sustainability commitments into reality is our goal as a partner to our customers. Growing consumer awareness of sustainability issues has led to growing demand for sustainable and traceable cocoa products in recent years. Demand from our customers for sustainable cocoa has therefore increased as well. In 2022/23, the percentage of cocoa and chocolate products sold containing 100% sustainable cocoa or chocolate was 51.5% compared to 49.4% in prior year. We have extended the deadline for all our ingredients to be certified or verified to 2030, in order for them to also be traceable to farm level. We will measure progress towards this goal by reporting on the percentage of ingredients sourced which are certified or verified and traceable to farm level. In addition, recognizing that certification is only a starting point for building a sustainable cocoa and chocolate supply chain, we will continuously benchmark the certification and verification criteria we apply to ensure the standards remain meaningful.

Key metric

60%

Percentage of sustainable sourced agricultural raw materials

Enabling KPIs

80%

Sustainably sourced non-cocoa raw materials

52%

Products sold containing 100% sustainable cocoa or chocolate

Our commitment to the UN SDGs

