

Roadmap: Barry Callebaut

Background

At the 2022 General Meeting of the German Initiative on Sustainable Cocoa (GISCO), it was decided that the preparation of individual roadmaps by each GISCO member and annual public reporting on commitments and milestones included in these roadmaps is a valuable and mandatory contribution to achieve GISCO's objectives.

In addition to the monitoring and based on the <u>GISCO roadmap</u> which lists the goals, targeted indicators and recommendations for action of the German Initiative on Sustainable Cocoa on the focus topics of certified/independently verified cocoa, traceability, deforestation/agroforestry, child labor and living income, the members of GISCO draw up individual roadmaps on these focus topics, which are published on the GISCO website.

More information on the individual roadmaps can be found in the background document.

Commitments

- > Traceability
- Certification and independent verification
- > Entwaldung/Agroforstwirtschaft
- > Child Labour
- > Living Income



Traceability

<u>Commitment:</u> By 2025 we will be compliant with the EU Deforestation Regulation on transparency and traceability. 100% of the Barry Callebaut cocoa entering into Europe will have transparency level score 4b (farm know, having point coordinates and/or polygons for plots less than 4ha and polygon boundaries of the plots bigger than 4ha) with Dec 31, 2020, as a cut-off date.

Challenge: Supply Chain complexity in some origins

Process: in order to be traceable to farm level we will measure 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.

Get the polygons for our indirect sourced cocoa. GISCO can help the industry in this challenge by supporting in the dialogue with the governments to have the polygon traceability system in place and guarantee the accuracy.

We need public intervention to drive structural change beyond our direct supply chain. Government action at origin is essential to address the issue of traceability, rural infrastructure development and proper enforcement of national policies and legislation. This includes agricultural policy that adequately manages the cocoa supply, introduces land titles for farmers, builds a registry for cocoa farmers and finds alternative livelihoods for cocoa farmers in protected forest areas. These interventions must be coupled with regulatory intervention in cocoaconsuming regions to drive demand for sustainably sourced cocoa.

Certification and independent verification

<u>Commitment</u>: By 2030 we will have 100% certified or verified cocoa in all of our products, traceable to farm level.

<u>Challenge</u>: We need a strong demand of sustainable cocoa and chocolate products from our German customers and retailers and across all market segments (e.g. tablets, bars, bakery products, cereals, ice cream...)



Deforestation/Agroforestry

Commitment:

By 2025 we will be forest positive. We move away from offsetting our carbon footprint and instead focus increasingly on insetting through agroforestry. Measured and monitored by:

- % of sourced raw materials demonstrated not to be contributing to deforestation
- # ha of agroforestry maintained
- # tonnes of carbon removals achieved

By 2030, we will have decarbonized our footprint in line with global efforts to cap global warming at 1,5 degrees. Measured and monitored by:

- % reduction in our Scope 1&2 emissions
- % reduction in our Scope 3 emissions
- % of sourced raw materials demonstrated not to be contributing to deforestation
- # ha of agroforestry maintained
- # tonnes of carbon removals achieved
- # carbon intensity per tonne of product sold

Challenge:

Agroforestry/reduction CO2 emissions in scope 3:

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, startups, 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.

By enhancing on-farm ecosystems with agroforestry, we aim to mitigate the impact of climate change and restore natural biodiversity while helping farmers to prosper and increase their long-term productivity. Our agroforestry insetting approach allows the removal of carbon within our joint supply chain.

We invite German retails and customers to commit to SBTi and co-invest to reduce our joint scope 3 emissions.

Child Labour

Commitment:

By 2025 our entire supply chain will be covered by Human Rights Due Diligence, remediating all child labor cases identified. This includes the continued monitoring and remediation of child labor cases.

Measured and monitored by:

- # child labor cases identified
- # child labor cases under remediation
- # remediated child labor cases



<u>Challenge:</u> The main challenges we see is to build an effective and efficient due diligence system in cooperation with the different stakeholders that are in the sector: industry, government, civil society. Apart from that we need to ensure we keep our focus on working on the root causes of child labor which requires a systematic approach. The fundraising for systematic approaches is complex and slow. Any support in this would have a positive impact on the outcome that we are trying to achieve.

Living Income

Note: 2023, an examination under German cartel law took place on the question of whether individual roadmaps on living income bay be drawn up and published. The Bundeskartellamt did not see the need for a detailed examination under cartel law on this issue. Based on the Bundeskartellamt's feedback, it was decided at the special General meeting on 17 June that members of member groups B and C would submit a roadmap on the topic of living income by 31 December 2024. Until then, commitments on living income can be submitted voluntarily.

Commitment:			
Milestone:			
Milestone:			
Challenge:			