

# Roadmap: Stollwerck

## **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> Stollwerck guarantees full traceability back to the farmer by end of 2024 and in line with the European Deforestation regulation (EUDR).

<u>Milestone:</u> By the end of June 2023, Stollwerck will record the current status of the traceability levels for all pure cocoa products back to the country/ region/ coop/ farmer were possible with the help of the suppliers and find ways together with them to further improve the traceability.

<u>Milestone</u>: By the end of September 2023, Stollwerck will record the current status of the traceability levels for all non-pure cocoa products back to the country/ region/ coop/ farmer were possible with the help of the suppliers and find ways together with them to further improve the traceability.

<u>Milestone</u>: By the end of 2024, it will be verified based on a risk assessment for all pure and non-pure cocoa products, to what extent the traceability back to the producer can be guaranteed.

<u>Challenge</u>: The traceability objective is intertwined with the EUDR. To ensure an effective implementation it will be essential that the needed systems are in place and clarity is provided on how the regulation needs to be implemented in order to ensure that all stakeholders in the supply chain are able to adhere to this.

Stollwerck is mainly producing private label products, for which decision-making power is with our customers, the brand owners. This includes the element of traceability level, as not all customers want to use certified/verified sustainable cocoa and consequently limits the traceability. Most Private Label customers source sustainable cocoa with the traceability level Mass Balance. Of course, we do our utmost best to gain their commitment to invest in traceable and sustainable cocoa, but seen the competitive German market, we expect that these discussions will be challenging. A 100% guarantee of the switch to sustainable cocoa cannot be given, as the brand owner is in full control.

Considering the pure cocoa products; no challenges are foreseen for the beans, however, to achieve individual farmer traceability for the butter, powder and mass/liquor remains a challenge. Seen the complexity of the supply chain of the non-pure cocoa products the challenge for this group of raw materials is even bigger. The complexity of the supply chain includes all logistical aspects, the fact that not all customers are willing to use certified/ verified/ traceable cocoa and if they do, they usually decide to purchase these with Mass Balance traceability level only (not segregated). Lastly some raw materials include a very low % cocoa, for some suppliers of these raw materials the traceability topic might be rather new, and it will take time to further strengthen the traceability levels, keeping in mind this will have financial and logistical consequences

## Certification and independent verification

<u>Commitment</u>: By the end of 2025, Stollwerck has the objective that the share of sustainable cocoa in the finished products sold in Germany will be 95%.



<u>Milestone</u>: For all private label products, it is the customer's decision if they want to use sustainable cocoa for their products. We will get in contact with our customers, which currently use non-certified cocoa, until end of June 2023 and define a plan together with them when we can switch those articles to include sustainable cocoa.

<u>Milestone</u>: Soonest, but latest by the end of March 2023, GISCO should confirm Transparence Cacao as recognized sustainable cocoa farming program from Stollwerck. Stollwerck is available to supply any needed information.

<u>Milestone</u>: By the end of 2024, Stollwerck will increase the share of sustainable cocoa in the finished products sold in Germany to 90%.

<u>Challenge</u>: With the Transparence Cacao program, Stollwerck has its own sustainable cocoa program, which we will use for our own brand products and promote more and more during the next months to convince our customers to support the program and to use cocoa out of it. For this reason, it is important that the GISCO accepts Transparence Cacao as an independently verified sustainable cocoa program. Second, Stollwerck is mainly producing private label products, for which decision-making power is with our customers. Of course, we will try to convince them to invest in sustainable cocoa, but we expect that in some cases these discussions might be challenging. It might happen that switching to sustainable cocoa might not be possible in all cases.

## **Deforestation/Agroforestry**

**Commitment**: As part of Transparence Cacao, our segregated cocoa sustainability program, it is our objective to achieve 30% agroforestry in Ivory Coast by 2025 and 100% by 2030.

<u>Challenge:</u> There are several challenges to overcome barriers for adoption of agroforestry concepts by famers. Several factors play a role such as accessibility and affordability of a diversity of seedlings and ensuring they have a good survival rate. Other factors also play a role such as the change of mindset needed for those farmers who have learned to grow cocoa under full sun.

#### **Child Labour**

<u>Commitment:</u> As part of our Transparence Cacao program for which we have a direct supply chain, we are committed to a zero-tolerance policy against child labor as we believe that child labor has no place in our cocoa supply chain. The risk of child labor varies among the cocoa origins, our focus is hereby on the Ivory Coast where the risk is highest. It is our objective to ensure that by 2025 all Transparence Cacao Preference and Excellence cooperatives are covered with a CLMRS equivalent.

<u>Challenge:</u> Effectively addressing child labor and long-lasting solutions will require actions by a diversity of stakeholders, this is not completely within the control of a chocolate manufacturer in Germany. Examples are the availability of schools and access to quality education within a reasonable distance of the children of the cocoa farmers. It requires collaboration and commitment of all relevant stakeholders to resolve the challenge of child labor in a true sustainable way.



## **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:		