

E ♥ E R THOUGHT ABOUT WHERE YOUR CHOCOLATE COMES FROM?



Prospering farmers

Our Goal

By 2025, we will lift more than 500,000 cocoa farmers out of poverty.

Our Approach

Forever Chocolate requires a new approach to cocoa farming so that it generates social and environmental benefits for its communities. This begins with increasing productivity, since cocoa farmer poverty contributes to the existence of the worst forms of child labor and deforestation. For Forever Chocolate we will be starting shortly with pilots in five key cocoa sourcing countries: Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil.

In 2016/17, we have started the mapping of 90,000 farmers in our supply chain, to understand where they are farming and how they are farming. In addition, we had approximately 157,000 farmers involved in one of our sustainability programs on good agricultural practices in 2016/17. Furthermore we are partnering with several NGOs and government agencies on cocoa farming productivity and community projects.

Our Measured Impact

In 2016/17, 5,814 farmers in Côte d'Ivoire, Ghana, Tanzania, Indonesia and Brazil actively implemented productivity programs which included having access to coaching, inputs such as tools and seedlings, or financial solutions. In Côte d'Ivoire the farmers that received these services saw an average increase in productivity of +23.0%. Additionally, we succeeded in replanting 175.5 hectares of cocoa, with another 1,000 hectares targeted to be replanted this upcoming season. This replanting is combining young higher yielding cocoa trees with other crops to support the farmer to diversify his or her income.

Considering we are still in the pilot phase it is too early to claim any causal link between our activities and number of farmers lifted out of poverty. Using the World Bank definition as a basis, we are establishing a baseline for each of our key cocoa sourcing countries in order to report on our performance in helping farmers out of poverty.

Key Metric:

Number of cocoa farmers lifted out of poverty, measured against the World Bank's USD 1.90/day threshold for extreme poverty

Data available 2017/18

Enabling KPIs:

5,814

Number cocoa farmers who have access to coaching, inputs such as tools and seedlings, or finance

23%

Productivity improvement per hectare of these farmers

175.5

Number of hectares of cocoa replanted

Our commitment to the UN SDGs



PROSPERING FARMERS

E ♥ E R PICTURED WHAT IT WOULD TAKE TO LIFT 500,000 COCOA FARMERS OUT OF POVERTY?

Zero child labor

Our Goal

By 2025, we will eradicate child labor¹ from our supply chain.

Our Approach

Lifting farmers out of poverty is the starting point to end child labor. However, a structural solution to eradicating child labor also requires access to quality education, awareness raising, monitoring, and, if any cases of the worst forms of child labor are detected, remediation. You can see this approach in action in our work in Tanzania where we are partnering with a customer to school 65,000 children. We trained over 20,000 farmers on child labor awareness. Finally, we have started the mapping of our supply chain through the Child Labor Monitoring and Remediation System (CLMRS) to document how prevalent the worst forms of child labor are in our supply chain.

Our Measured Impact

With the support of the International Cocoa Initiative, we have piloted a CLMRS covering two cooperatives and 494 farmers. In those communities monitored, 38 cases of children involved in hazardous child labor were identified in 2016/17. In addition we surveyed 103 farmer groups we directly source from in Côte d'Ivoire. On the basis of this survey, we established that in 2016/17, 3.2% of the 340 farmer groups we directly source from in Côte d'Ivoire have CLMRS equivalent systems in place. The survey found 209 cases of hazardous child labor. As we are rolling CLMRS out, we expect to see this number grow in the coming years. CLMRS data will help us to better target those communities where child labor awareness-raising and remediation efforts have to be prioritized. As we aim to eradicate child labor from our entire supply chain, not just cocoa, we are creating a heat map to identify those commodities at risk of including child labor in their supply chains. In addition, we are updating our supplier code to incentivize suppliers of non-cocoa ingredients to have systems in place which are equivalent to CLMRS. We expect to see this reflected in our enabling KPI on third-party suppliers as of 2017/18.

¹ According to ILO, not all work done by children should be classified as child labor that is to be targeted for elimination. The term 'child labor' is often defined as work that deprives children of their childhood, their potential and their dignity, interferes with their schooling and is harmful to their physical and mental development. Activities such as carrying heavy loads or using chemicals are considered as 'unacceptable forms of child labor' because they are physically dangerous for children.

Key Metric:

247

Number of child labor cases identified and remediated in our supply chain

Enabling KPIs:

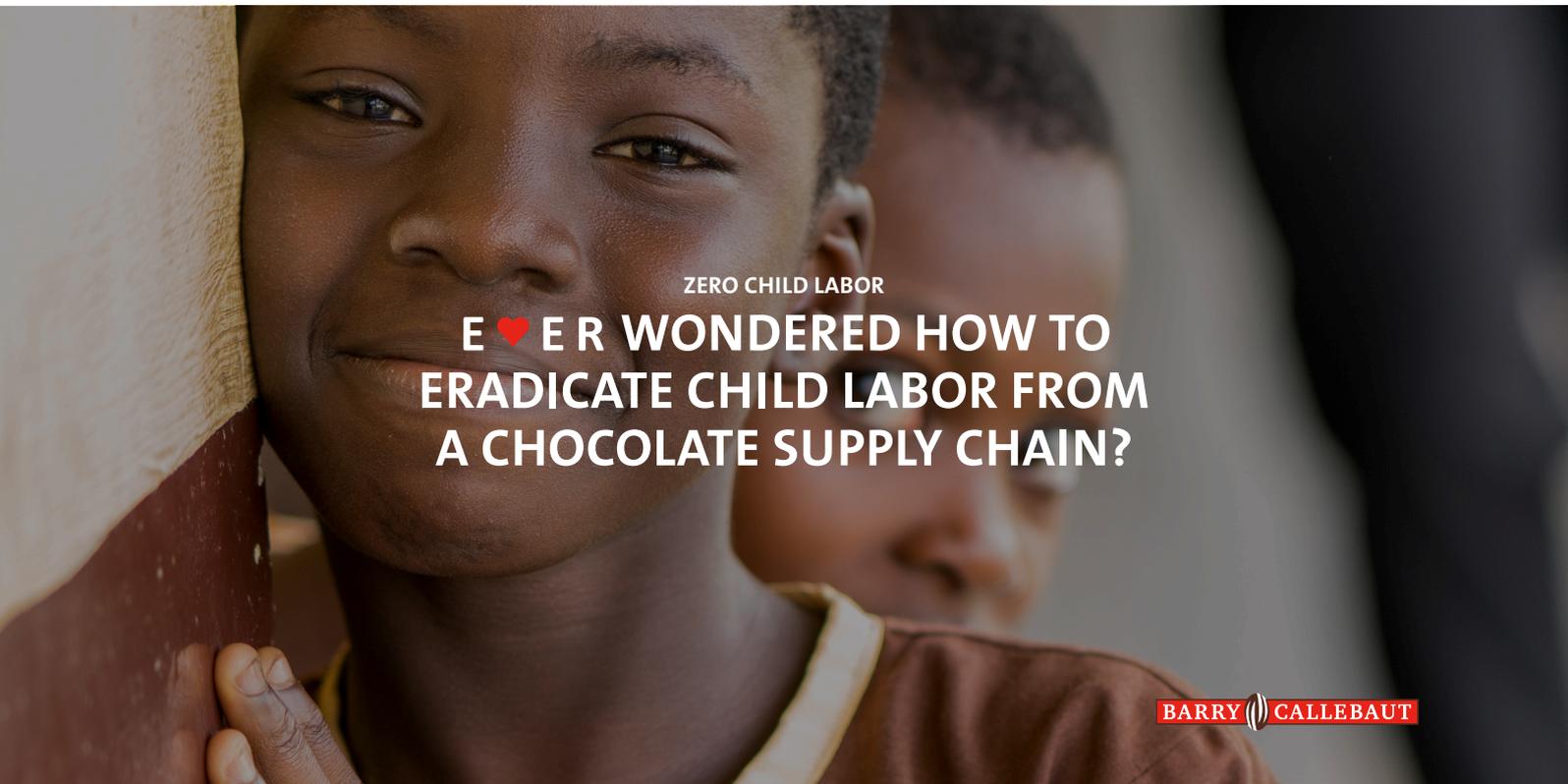
3.2%

of the farmer groups we directly source from that have systems in place to prevent, monitor and remediate child labor

Number of third-party suppliers who have equivalent systems in place

Data available 2017/18

Our commitment to the UN SDGs



ZERO CHILD LABOR

E ♥ E R WONDERED HOW TO
ERADICATE CHILD LABOR FROM
A CHOCOLATE SUPPLY CHAIN?

Thriving nature

Our Goal

By 2025, we will be carbon and forest positive.

Our Approach

Carbon and forest positive means that we want to store more carbon than we emit and we want to add more trees than cocoa farming is cutting down. Climate change is already having an impact on cocoa farming, so we need to act.

Declining soil fertility due to lack of proper practices being applied and investments in productivity being made, as well as pollution and climate change, are forcing farmers to expand on new still-fertile plots which cannot be found outside forests. Barry Callebaut was one of the driving companies behind the Cocoa and Forest Initiative Frameworks for Action that were signed on November 16, 2017, at the UN Climate Conference (COP23) in Bonn. These frameworks are intended to eradicate cocoa farming related deforestation in West Africa. This is a unique achievement as there is no other commodity that has united governments, industry and NGOs behind a framework to eradicate deforestation from the supply chain. The frameworks include an end to the conversion of any forest land for cocoa production, a moratorium on the traceable direct sourcing of cocoa from national parks and reserves per January 1, 2018 and the development of an action plan by signatory companies and governments to eliminate cocoa production and sourcing from National Parks and Reserves. Furthermore, we are currently mapping all cocoa farmers in our direct cocoa supply chain to make sure they are not located in protected forests.

We continue to invest in energy efficiency and renewable energy sources. In 2016/17, the number of factories using only renewable electricity sources increased by seven, to 13 factories in 2016/17.

Our Measured Impact

To structurally tackle deforestation in the cocoa supply chain, industry and governments both have their part to play. In addition, it is essential to support cocoa farmers to increase their productivity on existing farmland and prevent them from clearing forests for new farmland. Barry Callebaut's commitment to lift over 500,000 farmers out of poverty by 2025 is therefore as essential to eradicate deforestation as is our commitment to become forest positive.

For all our ingredients we are creating a heat map of those agricultural raw materials at risk of contributing to deforestation. This will provide us with a clear overview of our geographical footprint and inherent risks. In addition, on the basis of this heat map, we are assessing which certification schemes are robust enough to guarantee that

the commodities are proven to be free from deforestation. We are also updating our Supplier Code, and adjusting it to Forever Chocolate targets, ensuring that it drives our objective of being free from deforestation by 2025. In addition, we are currently scoping partners who can support us on landscaping approaches to regenerate forests. Due to these actions, we expect to be able to include a first indication of the percentage of our raw materials proven to be free from deforestation as well as the number of hectares of forest regenerated in our Forever Chocolate progress report 2017/18.

The carbon footprint of our supply chain from farm to customer was 8.23 million tonnes CO₂e. This is an increase of 11% compared to our previous measured footprint. This is due to higher production volumes. However, our CO₂e intensity per tonne of average products decreased from 4.4 tonnes in 2014/15 to 4.32 tonnes in 2016/17. This decrease is due to energy efficiency activities implemented at factory level, as well as an increased share of renewable energy sources coupled with an increased production efficiency rate in our cocoa factories.

Key Metric:

The carbon footprint of our supply chain from farm to customer and number of hectares of forest regenerated

8.23

Million tonnes of CO₂e

Number of hectares of forest regenerated

Data available 2017/18

Enabling KPIs:

4.32

CO₂e intensity per tonne of product

Number of raw material proven to be free from deforestation

Data available 2017/18

Our commitment to the UN SDGs



THRIVING NATURE

E ♥ ER THOUGHT ABOUT
HOW TO BECOME CARBON
AND FOREST POSITIVE?

Sustainable chocolate

Our Goal

By 2025, we will have 100% sustainable ingredients in all of our products.

Our Approach

By 2025, we want 100% of our product ingredients to be sustainable. This means they will be produced using farming practices that offer an equitable income for farmers, follow responsible labor and agricultural practices, safeguard the environment and support wider communities. In doing so, we create value for all of our partners, now and in the long term.

Our Measured Impact

Of all the agricultural raw materials we are sourcing, 33% have been sustainably produced. In 2016/17, we sourced 36% of cocoa through sustainability programs, which is an increase of +13.0% compared to the previous year. This percentage includes our own Cocoa Horizons program, together with external certification such as UTZ Certified, Rainforest Alliance, Fairtrade and Organic. We sourced 30% of our non-cocoa agricultural raw materials sustainably. This includes the use of sustainability certification schemes for the respective ingredients.

Key Metric:

33%

percentage of agricultural raw material sustainably sourced

Enabling KPIs:

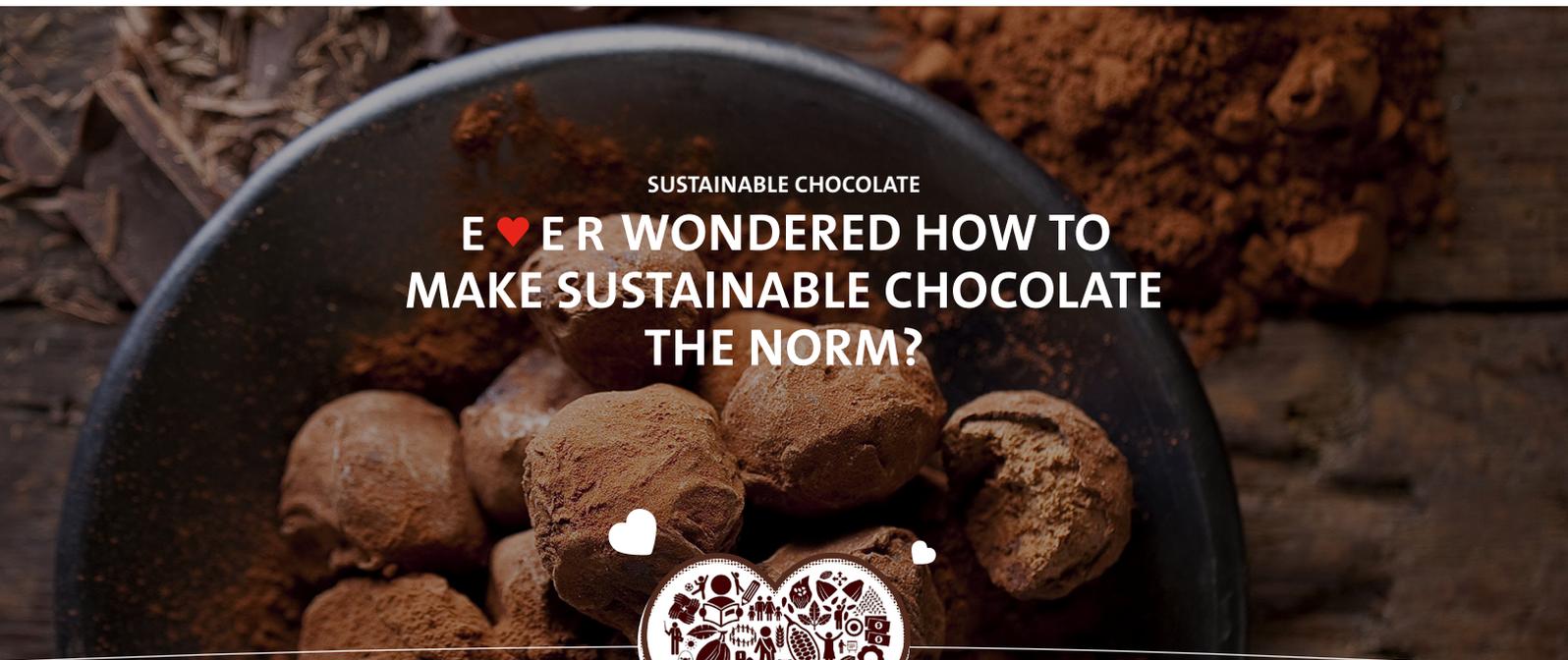
36%

of sustainably sourced cocoa

30%

of sustainably sourced non-cocoa raw materials

Our commitment to the UN SDGs



SUSTAINABLE CHOCOLATE

**E ♥ E R WONDERED HOW TO
MAKE SUSTAINABLE CHOCOLATE
THE NORM?**



The ambition we have set out to achieve is too big for any company alone. In the past year we continued to partner with the industry, government agencies and NGOs to bring our 2025 targets to life. Forever Chocolate is an open invitation for anyone with a passion to make sustainable chocolate the norm to join Barry Callebaut on its journey.

If you want to be a part of Forever Chocolate, please contact us at:
forever_chocolate@barry-callebaut.com