

## Roadmap: Barry Callebaut

### Background

At the 2022 General Meeting of the German Initiative on Sustainable Cocoa (GISCO), members decided to publish individual roadmaps with commitments and milestones as well as progress reports on these commitments.

The individual roadmaps are based on the [GISCO roadmap](#) which lists the goals, targeted indicators and recommendations for action on the focus topics of certified cocoa/cocoa from company programmes, traceability, deforestation/agroforestry, child labor and living income.

These public individual commitments complement the annual monitoring process carried out in cooperation with the ISCOs (European Initiatives for sustainable cocoa), give visibility of the members' contributions to the [GISCO objectives](#) and strengthen individual accountability.

### Commitments

- [Traceability](#)
- [Certified cocoa and cocoa from company programmes](#)
- [Deforestation/Agroforestry](#)
- [Child Labour](#)
- [Living Income](#)

### Comment of the member on the roadmap:

## Traceability

**Commitment** (submitted in December 2022):

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.

**Milestone 1:**

-

**Milestone 2:**

-

**Progress** (submitted in December 2024):

- In our Forever Chocolate commitments we have committed to be forest positive. This 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 like CFI and WCF promoting community-based management models for forest conservation and restoration. 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.
- Next to that we deploy large scale agroforestry program in CI/Ghana but also in Indonesia and Brazil where we focus on long-term success through training, last mile delivery, planting services, extended monitoring and payment for ecosystem services ("PES") at ~CHF 50 per HA with a 10yr commitment. With our agroforestry program we target a density of 70 trees /HA in a mix of intercropping & boundary planting. A mix of 5 species are offered, incl. Timber & fruit trees.
- We 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). We actively engage with governments through steering committees, working groups, and regular meetings in cocoa growing countries and set targets for CFI 2.0 (2023-2025).



**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.

Getting 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 cocoa consuming regions to drive demand for sustainably sourced cocoa.

### **Voluntary: Updated Commitment & Milestones 2024:**

Submitted Nov 2024:

Commitment:

By \*new implementation date\* probably with one year delay (2026) 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.

- Barry Callebaut regrets the European Parliament's decision to amend the substance of the EU Deforestation Regulation (EUDR).
- We recommend the swift approval of the 12 month implementation delay of EUDR, without any additional changes to the Regulation.
- For the past three years, Barry Callebaut - and many of our customers - have been a strong advocate for this vital legislation in its current form as we believe it is our responsibility to lead efforts in halting deforestation and advancing sustainable farming practices throughout our supply chain - all the way from farmers to our customers.
- Achieving a sustainable transformation of the cocoa supply chain requires concerted effort and resources from all stakeholders. Over the past year, we've strengthened our commitment to implementing end-to-end traceability by making significant progress in building a sustainable and traceable cocoa and chocolate supply chain, reinforcing our leadership position in sustainability. The key focus has been on implementing a rigorous, organization-wide approach to prepare for this important Regulation with the aim to deliver "best-in-class sustainability" to our customers around the world.
- We remain committed to be compliant with the EUDR requirements by the new application date to be set out in the Regulation.

#### Deforestation-free sourcing

- We have developed a risk assessment framework aligned with EUDR requirements to identify areas at risk of noncompliance with EUDR across our entire supply chain. In complement, we will rely on land use maps and deforestation monitoring to evaluate the compliance of volumes entering our supply chain.
- We also developed a clear set of sourcing guiding principles where we assess the risk of suppliers being tied to deforestation. And we classify all sourcing areas into 3 risk categories (high/medium/low)
- We are implementing improved software that include private-sector maps, can process larger polygon datasets and can be integrated to our traceability and sourcing systems.
- 3rd party suppliers are assessed by the sustainability team to establish whether indirect supplies and 3rd party cocoa products comply with EUDR / Forest Positive requirements. All polygons are consolidated internally, irrespective of direct or indirect sourcing.
- In addition to investing in forest conservation in specific areas, we will use tools designed to mitigate risks of cocoa entering our supply chain without complying with EUDR / Forest Positive objectives.
- We are mainstreaming forest protection in our EUDR approach as the main element of our mitigation strategy.
- We are creating a supply chain toolbox with a robust approach towards risk management with a clearly designed risk assessment framework focusing on land monitoring and supplier assessment. This toolbox includes also a risk mitigation strategy focusing on Yield control (based on AgriLogic and Crop Cut Experiments) to only source volumes from a plot / farmer / farmer organization which they are realistically able to produce. Next to that the risk mitigation strategy also includes a grievance mechanisms and a supplier engagement protocol.



## Certified cocoa and cocoa from company programmes

**Commitment** (submitted in December 2022):

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

**Milestone 1:**

-

**Milestone 2:**

-

**Progress** (submitted in December 2024):

Overview of different programs for all the chocolate products sold in Germany. Update FY23/24 (based on AUG24 results)

Fairtrade: 19%

Rainforest Alliance: 49%

Company Programmes: 14%

Total sustainable chocolate sold in Germany is 82%

**Challenge:**

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** (submitted in December 2023):

**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

**Milestone 1:**

-

**Milestone 2:**

-

**Progress:** (submitted in December 2024):

*Submitted 2024* : Agroforestry Significant increase

In carbon removals, through the upscaling of our agroforestry approach  
>33K hectares = -400K tCO<sub>2</sub>e carbon emissions

**NETZERO ROADMAP:**

*Describing how we will support the goal of the Paris Climate Agreement to cap global warming at 1.5 degrees Celsius.*



**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 even 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 retailers and customers to commit to SBTi and co-invest to reduce our joint scope 3 emissions.



## Child Labour

**Commitment** (submitted in December 2023):

**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

**Milestone 1:**

-

**Milestone 2:**

-

**Progress** (submitted in December 2024):

**Commitments:**

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

The combination of modernized agriculture, poverty reduction & empowered communities creates an environment where child rights are protected. We strengthen cocoa communities in our direct supply chain by empowering them to guide their own development. This starts by understanding which communities are most at risk and providing them with support to strengthen local child protection systems, access to quality education, adequate infrastructure and improved livelihoods. Through our full supply chain, we apply a due diligence framework structured around the OECD 6-step due diligence guidelines

1- Policy commitment & embedment of human rights in management systems: Code of conduct, supplier code & grievance mechanism

2- Human rights assessment: in depth country human rights risk assessment & human rights supplier risk assessment

3- Prevention & mitigation: training of employees & suppliers. Collaboration with industry & governments at international, national & regional levels

4- Performance tracking: tracking of activities & case management

5- Performance communication: FC report & customer program reports

6- Remediation: remediation activities and follow up when appropriate

CLMRS is a part of this strategy but together with ICI we are developing a more community based approach to cover the child labor cases in our supply chain.

**Our measured impact**

- Partnership with three international child rights organizations to address socio-economic factors driving child labor and child rights, supporting our new community-based approach in Côte d'Ivoire, Ghana, and Nigeria
- 91% of the farmer groups in our direct supply chain undertake child labor prevention, monitoring and remediation activities
- We supported over 2,000 Village Savings and Loan Associations (VSLAs), which helped members save CHF 3.6 million and borrow CHF 2.2 million to start businesses





**Challenge:**

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.

**Voluntary: Updated Commitment & Milestones 2024:**

Substantiate this by setting a quantitative target on the following indicator:

*Total # and % of farming households in supply chain that are covered by a Child Labour Monitoring and Remediation System (CLMRS) or equivalent system\*:*

*\*figures are referring to the farmer groups in our direct supply chain.*

<b>By the end of 2024</b>	# - of farmer groups	80 % of farmer groups*
<b>By the end of 2024</b>	# - of farmer groups	90 % of farmer groups*
<b>By the end of 2024</b>	# - of farmer groups	100 % of farmer groups*



## Living Income

**Commitment** (submitted in December 2024):

By 2025, more than 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

**Milestone 1:**

Our first step to bring farmers to a Living income is lifting them out of poverty which means bring them above the World Bank Benchmark of extreme poverty. We consider this step as the starting point of our living income strategy this is why we include these farmers as being farmers where we implemented a LI strategy

**Milestone 2:**

-

**Progress** (submitted in December 2026):

Our measured impact (based on FY 23/24)

- Scale-up of our paid Labor Groups program by +125.8% in comparison to 2022/23, now covering close to 44,000 hectares
- 197,763 cocoa farmers have received farm service activities
- Almost 3.2 million cocoa seedlings distributed in 2023/24

**Challenge:**



#### **Voluntary: Updated Commitment & Milestones 2024:**

We have published earlier a White paper together with Agri-Logic. Based on this study we made the conclusion that growing volumes produced by a smaller number of farmers who achieve living income through a combination of higher yield, bigger farms and higher farm gate prices is the strategy we want to get implemented. We support higher investments in farms to improve farming practices driving higher yields. We focus on “doing” rather than “learning” and we subsidize first hectare farming practices with the goal that farmers will adopt the practices on their full farm. We collaborate with our customers on various premium-paying programs. In detail this means we implement the below measures:

- We deploy labor solutions through subsidized labor groups for farmers. Providing them with farm services like pruning, crop protection and fertilizers. Most often the workers are smaller farmers themselves.
- We will distribute High yield cocoa seedlings as part of a replanting package or for simple distribution.
- We offer the customer the solution to pay the extra premium to close the GAP toward the LIRP via for example the Tony's Open Chain model.
- Next to that we also participate to the implementation of innovative cash transfer programs such as Nestlé Household Income Accelerator (HIA), with high level of cash transfer (up to €500 per household) based on performance on agricultural practices, school attendance, pruning and income diversification activities.
- We want to use industry associations such as the World Cocoa Foundation (WCF) or the European Cocoa Association (ECA) to consolidate the industry around a transformative agenda.

#### **Procurement practices**

- At Barry Callebaut, we are actively collaborating with our customers on various premium-paying programs (Rainforest Alliance, Cocoa Horizons, Tony's Open Chain,...). 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. Payment digitization is a key part of Forever Chocolate, our plan to make sustainable chocolate the norm. It supports the financial inclusion of cocoa farmers and secures the traceability and reliability of most cocoa premiums currently paid by our customers. Full transition to digital payments will come in the near future.
- Within our Forever chocolate program we are audited (by PWC) on the premiums we have paid to farmers.
- Most of the farmer groups we work with are already in our supply chain for many years. As part of our Farm Services business, our Farm Services specialists work with the individual farmers of the farmer groups 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.
- We focus on long-term success through training, last mile delivery, planting services, extended monitoring and payment for ecosystem services (“PES”) at ~CHF 50 per HA with a 10yr commitment.
- We want to use industry associations such as the World Cocoa Foundation (WCF) or the European Cocoa Association (ECA) to consolidate the industry around a transformative agenda.