

Global Statement:
Safeguarding human rights,
including the prevention of
modern slavery and human
trafficking, in our supply
chain

Update 2020/21

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Introduction

Our business has an influence on the livelihoods of many people around the world. We believe we have a responsibility to all our stakeholders – farmers, employees, shareholders, customers, consumers, suppliers, and the communities where we operate – that goes beyond making a profit. Making sustainable chocolate the norm is at the heart of our business and it is the only way through which we can continue to thrive as a company.

There are structural issues in the chocolate value chain. Low productivity on cocoa farms as a result of poor agricultural practices, nutrient depleted soils and aging cocoa trees keeps many farmers in a state of poverty. Poverty keeps farmers from hiring professional workers and utilizing mechanization, forcing them in some cases to rely on their family members, sometimes including their children, to work the fields.

This statement describes Barry Callebaut's approach and efforts in 2020/21 toward safeguarding human rights and ensuring that slavery and human trafficking are not taking place in any part of our business and our supply chain. It is made under the [California Transparency in Supply Chains Act of 2010](#) and the [UK Modern Slavery Act 2015](#).

The foundation: Barry Callebaut Code of Conduct

The Barry Callebaut [Code of Conduct](#) (the Code) was first launched in 2002 and has since evolved and regularly been updated and complemented to cover new requirements. It sets forth mandatory principles and requirements for behavior and is complemented by our global and local policies. The Code, which applies to all Barry Callebaut employees worldwide, also articulates our minimum standards regarding human rights, forced labor and child labor. Expectations and procedures for reporting wrongful acts or suspected wrongful acts in violation of the Code are communicated to all employees.

All Barry Callebaut employees receive a copy of the Code in their local language. All employees with an active Barry Callebaut e-mail account receive additional training on the Code on a regular basis. Furthermore, every month a topic of the Code is

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communicated to all employees via intranet and email, inviting feedback on potential scenarios, and strengthening employees' ability to act upon violations of the code.

It is the responsibility of each employee to uphold the principles of the Code and employees are encouraged to seek advice and to raise questions or concerns at any time with their manager, Human Resources or Group Legal & Compliance.

Our position on human rights, forced labor and child labor

Barry Callebaut sources cocoa and other commodities from regions where child labor, occurring largely on family farms and defined as children doing work when too young or work that endangers them, is widespread. In line with the United Nations (UN) Guiding Principles on Business and Human Rights¹ the solution lies not in ending the sourcing from these regions, but in assessing, monitoring and remediating on the ground the risk of children becoming involved in child labor. This means, understanding which farming communities are most at risk, and providing these farming communities with the necessary support through a combination of poverty alleviation, access to quality education and adequate social infrastructure and awareness raising.

Barry Callebaut observes the principles set forth in the OECD Guidelines for Multinational Enterprises², Universal Declaration of Human Rights³ and the United Nations (UN) Guiding Principles on Business and Human Rights. We strictly adhere to local laws regarding minimum age and other terms of employment in our factories and offices around the world. The minimum age for employment at Barry Callebaut is in accordance with the International Labor Organization (ILO Convention 138) or, if higher, the age specified by local legislation.

We strongly condemn forced labor, slavery and all practices that exploit both adults and children or expose them to harmful or hazardous conditions. The Worst forms of child labor as defined by the International Labor Organization (ILO convention 182)

¹ Guiding Principles on Business and Human Rights Implementing the United Nations "Protect, Respect and Remedy" Framework https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

² OECD Guidelines for Multinational Enterprises <https://www.oecd.org/corporate/mne/>

³ Universal Declaration of Human Rights <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

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refer to work that is mentally, physically, socially or morally dangerous and harmful to children⁴. Child labor, which according to the International Labor Organization is widespread in African agriculture, occurs largely on family farms and is defined as children doing work when too young or work that endangers them⁵. Forced labor is a rare⁶ practice in cocoa farming, which the governments of cocoa growing countries, together with industry, are actively combating. If any evidence of forced labor is found in our supply chain, this is reported to the authorities who have the power to pursue, arrest and bring to justice those who traffic children or adults.

Under our sustainability strategy “[Forever Chocolate](#)”, which was announced in November 2016, we strive to eradicate child labor from our supply chain by 2025. We published our [fifth progress report](#) on December 3, 2021.

Our approach to eradicating child labor is based on child-centered systems strengthening and applying data driven risk analysis capabilities under the overarching framework of human rights due diligence, which closely follows the OECD Guidance for Responsible Business Conduct⁷. A child-centered approach starts at the local level, engaging with children, parents, families and community members to create empowered communities to help their own development and make lasting change for the future. This approach relies on a framework of collaborative action from all stakeholders. It includes developing community action plans, building the capacity of local authorities to better support families, and stepping up local and regional advocacy to increase farmer empowerment. In 2020/21, we continued our work with Child Protection Committees (CPCs) in cocoa farming communities in Ghana, Cameroon and Indonesia. This program brings together a partnership of district and local-level government agencies, social welfare specialists, community planners, teachers, and local religious leaders, with the purpose of preventing child labor and protecting child rights. Since these groups are composed of trusted community

⁴ According to the International Labour Organization, 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.

⁵<https://www.worldcocoaoundation.org/blog/child-slavery-child-labor-hazardous-work-whats-the-difference/>

⁶ <https://www.cocoainitiative.org/issues/forced-labour-cocoa>

⁷ OECD Guidance for Responsible Business Conduct

<https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

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members, they are in a unique position to engage with families. Our community-based approach focuses on training CPC members to identify and support children at risk of being engaged in child labor and to support remediation and referral processes in collaboration with local public authorities.

Structural or contextual issues, for example, a change of revenue source in families that were not considered high risk at the moment of monitoring, or closure of schools due to COVID-19, can lead to children being subjected, or returning to, child labor. Therefore a community-centric approach is essential to comprehensively tackle child labor, given the high context volatility that can expose children to ongoing child labor risks. Our data driven risk analysis follows the United Nations Guiding Principles on Human Rights (UNGPs) which state that “to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable⁸. Our model seeks to combine the data from our child labor monitoring and remediation system with farmer census data. This combination will allow us to better target our activities and be more impactful to those households and communities where children and families need the most support. To help us identify and address child labor in our cocoa supply chain, we continued in 2020/21 to implement child labor monitoring and remediation systems based on the industry practice as developed by the International Cocoa Initiative (ICI)⁹. To undertake monitoring and remediation, we work on the ground in cocoa origin countries, visiting households and communities to identify children at risk of child labor.

Our approach to remediation is aimed towards addressing some of the root causes of child labor, focusing on education, social and gender issues. Remediation activities include the provision of school kits and birth certificates, a requirement to enable attendance at school, as well as supporting families and communities with education and training on child labor awareness and follow-up visits to the home.

⁸ United Nations “Protect, Respect and Remedy” Framework https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

⁹ Effectiveness Review of Child Labour Monitoring Systems in the Smallholder Agricultural Sector of Sub-Saharan Africa <https://www.cocoainitiative.org/knowledge-hub/resources/effectiveness-review-child-labour-monitoring-systems-smallholder>

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There is an estimated 1.56 million children involved in child labor for cocoa cultivation in Côte d'Ivoire and Ghana¹⁰. The first step to effectively tackle child labor is to locate it. Therefore, we continue to monitor and identify cases of child labor rigorously and with intent. In 2020/21, we found 21,258 cases of child labor in the fiscal year under review. Implementing individualized remediation interventions for a specific child and family takes time – both to build a relationship with the family and to 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 visits have shown that the child has no longer been engaging in child labor. If a child is found in child labor during any of these visits, we will develop a new remediation plan adapted to the needs of the child and continue following up on the case 3 to 18 months until fully remediated. This year, 25,486 of the reported cases we found in previous years are now under remediation. .

In addition, we are continuing to implement our monitoring and remediation systems which cover 237 farmer groups, including 220,878 farmers in Côte d'Ivoire, Ghana, and Cameroon. The percentage of the farmer groups we directly source from with whom we undertake child labor monitoring and remediation activities is 61%.

Our zero child labor commitment extends beyond cocoa to other ingredients such as dairy, palm oil, nuts and cane sugar. The supply chains of each ingredient we use differ depending on the region, presenting its own unique sustainability challenges. We continued to challenge our suppliers in 2020/21 to improve the child labor due diligence components of their standards, and to create roadmaps and targets that will identify and address child labor risks when sourcing raw materials. This year, we refined our methodology on third party suppliers and child labor risks to align with a higher threshold of risk level, as defined by the Maplecroft Child Labor Index methodology. As a result, we consider that 25% of the cocoa and non-cocoa volumes sourced from third party suppliers adequately addressed the risk of child labor. In addition, we have a [Supplier Code](#) in place to strengthen our requirements and align

¹⁰ Assessing Progress in Reducing Child Labor in Cocoa Growing Areas of Côte d'Ivoire and Ghana
https://www.norc.org/PDFs/Cocoa%20Report/NORC%202020%20Cocoa%20Report_English.pdf

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our suppliers to our sustainability vision. The Supplier Code is attached to our supplier contracts and referenced in purchase orders.

Information about our “Forever Chocolate” sustainability strategy, sector issues and related actions is communicated regularly via the company intranet, the corporate website, and internal and external publications.

A fully sustainable cocoa sector can only be achieved through the engagement and efforts of all players to support the development of an enabling environment, a cause to which Barry Callebaut is fully committed. In December 2019, Barry Callebaut partnered with other companies and NGOs to call on the European Union to introduce legislation setting a due diligence obligation on all companies that place cocoa or cocoa products on the EU market. Barry Callebaut has been actively participating in the CocoaTalks, an EU-led Multi Stakeholder Dialogue on Sustainable Cocoa. Since its launch in autumn 2020, the dialogue aims to deliver concrete recommendations to advance sustainability across the cocoa supply chain through collective action and partnerships. In May 2021, Barry Callebaut, together with other food sector companies, called for an EU-wide legal framework to halt and reverse EU-driven global deforestation, outlining that the framework has to be ambitious in its efforts to increase global value chain accountability and transparency for at-risk commodities, such as cocoa.

Governance

Barry Callebaut has established a cross-functional Human Rights Committee with formal authority to oversee a coordinated integration of human rights policies, procedures and actions across the business.

Reporting to the Chief Executive Officer and Board of Directors and supported by the Executive Committee, the Human Rights Committee is chaired by our Chief Innovation, Sustainability & Quality Officer, Global Head of Gourmet. In addition, the committee consists of our Chief Human Resources Officer, General Counsel & Corporate Secretary, and the Head of Global Sourcing, Vice President Sourcing & Cocoa, Western Europe and Group Compliance Officer. Furthermore, the Global

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Sustainability and Farming Director and Global Human Rights Lead are part of the committee as advisers.

Assessing and addressing supply chain risks

With respect to the cocoa sector, third-party evaluations and assessments about child labor have been conducted by the U.S. Department of Labor's Bureau of International Labor Affairs. In October 2020, the National Opinion Research Center (NORC) from the University of Chicago, US, funded by the US Department of Labor (USDOL), completed a four year review¹¹ of the various interventions carried out by representatives from the cocoa and chocolate industry and the governments of Côte d'Ivoire and Ghana, to assess progress in reducing the worst forms of child labor. Even when industry interventions are having an impact, the NORC Report shows that more emphasis should be put on creating the right context where child rights are guaranteed, and ultimately, child labor is prevented. Further, 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 structure 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 fundamentally believe that enforcing a strong regulatory framework on human rights protection in origin countries should be part of a broader effort to strengthen an enabling environment in cocoa farming on the ground. This approach should go hand in hand with the due diligence legislation in consuming countries, which can be fully effective only if sector-wide traceability is established, to monitor both environmental and human rights protection.

Holding suppliers accountable

We expect our suppliers and their employees, agents and subcontractors, to share our strict commitment to human rights, particularly the eradication of forced labor and

¹¹ Assessing the Progress in Reducing Child Labor in Cocoa Growing Areas of Côte d'Ivoire and Ghana
<https://www.norc.org/Research/Projects/Pages/assessing-progress-in-reducing-child-labor-in-cocoa-growing-areas-of-c%C3%B4te-d%E2%80%99ivoire-and-ghana.aspx>

¹² Ending child labour and promoting sustainable cocoa production in Cote d'Ivoire and Ghana:
<https://euagenda.eu/publications/ending-child-labour-and-promoting-sustainable-cocoa-production-in-cote-d-ivoire-and-ghana>

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child labor. Our Forever Chocolate sustainability strategy commits us to [sourcing 100% sustainable ingredients for all of our products by 2025](#). Our [Supplier Code](#), available in ten languages, sets forth essential minimum requirements expected from our suppliers. Our suppliers must comply with all applicable local and national laws, rules, regulations and requirements of the country in which they grow, manufacture, distribute or provide products or services. We further expect suppliers to respect and comply with international labor standards as defined by the core conventions of the [International Labor Organization](#) (ILO), including freely chosen employment, no child labor, freedom of association, legal and fair compensation, no excessive working hours, no discrimination, respect and dignity, and safe and healthy working conditions.

Our compliance to market standards

We work with our customers to meet their specific cocoa and chocolate requirements. This includes sourcing quantities of raw materials including cocoa and sugar that have been independently certified by third parties as being compliant with specific certification standards. Forced child labor and forced adult labor are expressly forbidden under such standards. Barry Callebaut follows the international standards as defined by [SEDEX](#). Our sites are third party audited in accordance to the SMETA audit protocol, ensuring sustainable management practices. Of our sites, 95% are now fully SMETA compliant.

Our goal is to make all our sites run in compliance to the SMETA standards, covering;

- Labor
- Health & Safety
- Environment and
- Business Ethics standards

Sustainable and responsible farming and business practices

Barry Callebaut recognizes that farmers, particularly smallholders, in various regions of the world may face significant challenges in growing, harvesting and marketing their various crops. Our business depends on cocoa, a fragile and sensitive crop grown in a narrow band around the equator in some of the poorest countries of the world.

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Therefore, we actively contribute to ensuring that cocoa is grown in a sustainable and responsible way that generates income for farmers and that safeguards the environment. Under our Forever Chocolate sustainability strategy, we are committed for more than [500,000 cocoa farmers](#) in our supply chain to have been lifted out of poverty by 2025. We empower farmers to implement sustainable agricultural practices. We expect fair and sound business practices to be followed by the farmers, farmer organizations, and other supplier organizations with whom we have commercial dealings.

Our [HORIZONS](#) cocoa and chocolate products are traceable from our warehouse all the way back to the individual farmer. [Cocoa Horizons](#) is an impact driven, sustainability program which ensures that activities are focused on relevant areas and implemented efficiently. Cocoa Horizons continues to scale impact and drive change through productivity, community and environmental activities. In addition to Côte d'Ivoire, Ghana, Cameroon, Indonesia, Brazil and [Ecuador](#), the program has expanded into Nigeria. In 2020, Cocoa Horizons was recognized by the [Sustainability Standards Map](#), along with other sustainability programs, such as Rainforest Alliance. This publicly available resource provides an independent review of the methodology of Cocoa Horizons across the categories of environmental protection, social and governance risks. Farmers participating in Cocoa Horizons have access to coaching, access to a [Farm Business Plan](#), are supported to access financial services and farm services, and are supported on income diversification activities and women's empowerment. In 2020/21, the premiums from the purchase of HORIZONS products generated over CHF 28.4 million in funds, an increase of +60% compared to prior year. These funds are invested into activities that help farmers improve their productivity and income, eradicate child labor and deforestation, and become carbon positive. Through these premiums, more than 230,000 farmers took part in Cocoa Horizons programs focusing on improving their productivity and income. Cocoa Horizons contributed to the joint development of Farm Business Plans and the mapping of farms. A main part of activities implemented by the Foundation this year have been focused on the ramping up of child labor monitoring to cover more communities at risk, remediation of cases found, as well as the generation of community action plans to support the elimination of child labor.

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Partnering with industry

In addition to our own company programs, we contribute to a range of industry associations, initiatives and programs focused on sustainable cocoa production and increasing the income of farmers, including the [World Cocoa Foundation](#) (WCF).

The [International Cocoa Initiative](#) (ICI) is a non-profit foundation established as one of the milestones of the Harkin-Engel Protocol, also known as the [Cocoa Industry Protocol](#). As a signatory of the Harkin-Engel Protocol, we underscored our commitment as an industry member to work in partnership with governments, business and civil society towards the elimination of abusive child labor and forced adult labor in cocoa growing. Since its inception in 2002, Barry Callebaut has been a contributing partner and Board member of ICI. Our financial contributions support child labor awareness raising and prevention programs and other education-oriented and community-based activities in Côte d'Ivoire and Ghana. These two countries in West Africa are the largest producers of cocoa beans, together supplying almost 70% of the world's annual supply. ICI supports the implementation of international standards in cocoa production, in particular ILO Convention 182 (Worst Forms of Child Labor Convention, 1999) and ILO Convention 29 (Forced Labor Convention, 1930). The International Labor Organization (ILO) is an advisor to the ICI Board.

We also work with industry initiatives in raw materials beyond cocoa. We have been a member of the [Sustainable Agriculture Initiative Platform](#) (SAI Platform) since April 2015 and participate in their dairy and crops working groups. Since March 2015, we are also an active member of the European Branded Goods Association ([AIM-PROGRESS](#)), an initiative of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. It is a global initiative supported and sponsored by AIM in Europe and GMA in North America.

In January 2016 we joined the Sustainable Vanilla Initiative (SVI), a voluntary industry initiative that aims to promote the long-term stable supply of high-quality, safe, natural vanilla, produced in a socially, environmentally and economically sustainable

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way. Furthermore, [we have joined Bonsucro in 2017](#), a platform for collaboration aiming to make cane sugar supply chains sustainable. In addition to the [Roundtable on Sustainable Palm Oil](#) (RSPO), [we have also joined the Palm Oil Innovation Group](#) (POIG) in 2017, to further [sustainable palm oil](#) production standards, as well as Proterra for [sustainable soy](#).

Progress Reporting

The information provided above, as well as detailed information and progress reporting about our sustainability strategy, programs and activities, is available on our Barry Callebaut corporate website (www.barry-callebaut.com) and our [online Forever Chocolate Progress Report 2020/21](#)

<https://www.barry-callebaut.com/en-GB/group/forever-chocolate/sustainability-reporting/forever-chocolate-progress-report-202021>.

We will be regularly updating our posted information.

Peter Boone, CEO Barry Callebaut AG