

January 2018

## On our way to forest positive

### Introduction

Climate change has a severe impact on the world, particularly agricultural regions. Droughts mean farmers can no longer rely on crucial rainfall, while deforestation leads to soil degradation, accelerating the downward spiral. If the chocolate industry does not commit to reducing its carbon footprint and achieve zero net deforestation in its supply chain, the ecosystems that provide chocolate ingredients will rapidly erode.

Barry Callebaut committed to making sustainable chocolate the norm by 2025, which includes a commitment to be 100% deforestation free and even forest positive by 2025. For a full overview of our strategy, please visit: <https://www.barry-callebaut.com/sustainability/forever-chocolate/thats-what-forever-chocolate-all-about>.

### Deforestation and forest degradation related to cocoa

Deforestation in West Africa related to cocoa cultivation is a consequence of declining soil fertility due to improper agricultural practices and a lack of investment in productivity. This prompts cocoa farmers to expand into new, still fertile, plots, which cannot be found outside forests. In addition, in Côte d'Ivoire the civil war contributed to people settling in forest areas. Forests are important carbon sinks which should be protected to curb climate change and maintain biodiversity, but solutions must also take the thousands of farmers who depend on forests for their livelihoods into account.

Lifting cocoa farmers out of poverty by increasing their productivity is a long-term solution for ending deforestation and forest degradation in the cocoa supply chain. To that effect Barry Callebaut is working with farmers on good agricultural practices, through the Cocoa Horizons program, through the UTZ and Rainforest Alliance certifications, and through our own direct sourcing businesses (Biopartenaire and Nyonkopa). Via Farm Development Plans, we will be rolling out additional services to reduce pressure on forests, support forest restoration and reforestation toward our Forever Chocolate Thriving Nature goal of Carbon and Forest Positive.

### The Cocoa and Forests Initiative

In order to find an industry-wide solution to deforestation, Barry Callebaut was one of the first signatories of the Cocoa and Forests Initiative (CFI). The CFI is an industry commitment, organized by the World Cocoa Foundation, the Prince of Wales' International Sustainability Unit (ISU) and the Sustainable Trade Initiative (IDH) to end deforestation and forest degradation in the West-African cocoa supply chain. The final agreement was signed together with the governments of Côte d'Ivoire and Ghana, on November 16, 2017 at the UN Climate Conference in Bonn (COP 23). The CFI Frameworks for Action for Côte d'Ivoire and Ghana include:

- a moratorium on the conversion of any forest land for cocoa production from November 16, 2017;
- a moratorium on the sourcing of cocoa from national parks and reserves for traceable direct sourcing programs from January 1, 2018;
- the development of action plans by signatory companies and governments to eliminate cocoa production and sourcing from national parks and reserves from end 2018;
- the development of alternative livelihoods for affected farmers from end 2018;
- full cocoa traceability established by end 2019.

The CFI Frameworks for Action are truly unique, as there is no other commodity for which governments, industry and NGOs have come together to agree on concrete measures to eradicate deforestation.

### **Mapping cocoa farmers**

The first step to implementing the CFI Frameworks for Action is to map the location of the farmers we are sourcing from. We have started to map 90,000 farmers in our West African supply chains to understand exactly where they are located. Of these 90,000 farmers, we are prioritizing the mapping of those 30,000 farmers who are farming within the proximity of protected forests and are therefore at risk of encroaching on these areas. This mapping will ensure we are able to avoid buying from any farms operating within protected areas, and help us to monitor any farms at risk of sourcing from protected forest areas.

Through the Cocoa and Forests Initiative we will be working with other stakeholders to identify alternative solutions for farmers inside protected forest areas whose livelihood depends on cocoa.

### **Deforestation and forest degradation related to non-cocoa chocolate ingredients**

In addition to cocoa, we source other ingredients from tropical agriculture for our chocolate, such as cane sugar, soy lecithin and palm oil.

We are creating a heat map of those agricultural raw materials at risk of causing deforestation. This will provide a clear overview of our geographical footprint and inherent risks. In addition, on the basis of this heat map, we will assess which certification schemes are robust enough to guarantee that the commodities are free from deforestation. Farmers registered in Barry Callebaut's Cocoa Horizons program are verifiably located outside national parks and the Cocoa Horizons cooperatives commit to safeguarding protected forests.

Additionally, we are updating our supplier code of conduct to ensure that our third party ingredients suppliers commit to a deforestation free supply chain, and have the appropriate systems in place to achieve this target. We will work jointly with suppliers to develop roadmaps toward this goal against which we will hold them accountable and be able to monitor progress.