

Sustainability update 2024

Because we continue to take our responsibility.

January 2025



Contents

Introduction	3
1. We care	5
1.1 Traceability & Transparency	5
1.2 Environment.....	6
2. We take our responsibility.....	9
2.1 Human rights.....	9
2.2 Living income.....	9
2.3 Child and forced labour, human trafficking.....	9
2.4 Gender Equality.....	10
3. We connect.....	12
3.1 Transparence Cacao	12
3.2 German Initiative on Sustainable Cocoa	12

Introduction

This 2024 Sustainability Update provides insights into key developments in our cocoa sourcing and showcases our progress on initiatives that drive the future of our supply chain.

Since Cémoi joined our group in 2021, we continue to put importance on our close collaboration. This is exemplified by, among others, Stollwerck sourcing Transparence Cacao for our own brands Schwarze Herren and Eszet since 2023. Aside from this update we refer to the [2024 update](#) from Transparence Cacao for further information about our direct cocoa supply chain from Côte d'Ivoire, Ecuador, Peru, Dominican Republic and São Tomé and Príncipe.

Beyond cocoa sourcing, two significant milestones from the past year stand out.

We have committed to the Science Based Targets initiative (SBTi) and have taken a major step towards our climate goals by submitting our Net Zero targets for validation under the SBTi, committing to a more sustainable future.

Secondly our project on strengthening child protection systems in Côte d'Ivoire. Together with Cémoi and the 'Fund against Child Labour' of the Netherlands Enterprise Agency (RVO), we have worked closely with four cocoa cooperatives across 50 villages to assess and address the root causes of child labour. This first phase provides a foundation for scaling up our efforts in the coming years.

As we move forward, we remain committed to working closely with our customers and suppliers to drive meaningful change within our supply chain and beyond.

We take pride
in **caring** for
our people, our
products and our
environment.



1. We care

We care about our people, our products and our environment.

An important document in light of our business is the Code of Conduct. This reflects the adoption of corporate responsible business practices, which is an essential element in fostering a culture of ethics and integrity within our business.

Our ethical values are founded on integrity, righteousness and respect for all. Integrity is intrinsic to how we conduct our business. We act with integrity whether engaging with internal or external contacts. This is the foundation for all transactions in the company.

Our Code of Conduct is based on the following **three guiding principles: we care, take our responsibility and connect**. These principles reflect the values of Stollwerck, which are:

- Strive for excellence on quality and efficiency
- Simplicity in execution
- Passion for our products
- Sustainable entrepreneurship
- Ambition

Our Code of Conduct can be found [here](#).

1.1 Traceability & Transparency

The first step in addressing sustainability topics in the cocoa supply chain is to develop a traceable and transparent supply chain. We work on this through several interventions, such as sourcing Fairtrade or Rainforest Alliance certified cocoa and the sourcing of segregated, farm level traceable cocoa from the Transparence Cacao programme.

The cocoa beans that we are processing in our own site in Berlin are sourced from the following 5 origins: Côte d'Ivoire, Ghana, Ecuador, Nigeria, and the Dominican Republic. The cocoa beans represent 42% of the total cocoa volume purchased, the remaining 58% consist of cocoa bean derivatives and products such as cocoa mass, butter, powder and chocolate. The volume of beans consists of 100% sustainable beans, which are either Transparence Cacao, Rainforest Alliance or Fairtrade certified volumes.

Stollwerck has a direct supply chain in Côte d'Ivoire. We are transparent about the cooperatives from which we source and provide the information about the origins in this update. Over the past years the direct supply chain has increased from 1% in 2022 to **24%** in 2024. The 24% exist out of 91% sourced from Côte d'Ivoire and 9% from Ecuador with the following split: 74% sourced as Fairtrade certified, 20% Rainforest Alliance certified and 6% sourced as Transparence Cacao. The volumes are sourced through the Cemoi supply chain.

In 2022, Stollwerck started direct sourcing from the Transparence Cacao programme. The 100% traceable and segregated cocoa is used for some of our own brands, starting with Eszet and Schwarze Herren, with a first market launch in 2023. We also offer Transparence Cacao to our Private Label customers. The cooperatives from which Stollwerck is sourcing in Côte d'Ivoire are all disclosed on the Transparence Cacao [website](#). The cocoa sourced is of the Excellence level, which includes traceability until farm level. We are looking forward to further increasing these volumes in the coming years.

The traceability **outlook** for the coming years is mainly focused on achieving our target of 100% farm level traceability for all our cocoa sourcing by 2025. This is in line with the upcoming EU Deforestation regulation, all importers of cocoa beans and derivatives have to fulfill traceability and deforestation requirements.

As part of our commitment to the German Initiative for Sustainable Cocoa (GISCO), Stollwerck has set goals for traceability and certified cocoa, which will be also published on the [website](#) of the German Initiative on Sustainable Cocoa.

1.2 Environment

Complying with all relevant environmental laws, rules and regulations is the basis for our operations. Employees have the resources and receive direction on how to deal appropriately with environmental matters.

Stollwerck is committed to deal responsibly with natural resources and protect the environment. We do this by conserving natural resources to reduce the environmental impact of our business. The reduction of our carbon footprint is an important objective; in order to deliver this goal, we take various tailored measures in our sites, such as environmentally friendly production methods and increasing our use of energy from renewable sources.

Stollwerck is ISO50001 Energy management certified since 2013 and has since then taken several measures to reduce the energy consumption. We invest in upgrading our machinery to optimize performance, and work to minimize downtimes, ensuring that every process operates at its highest efficiency.

Our employees and stakeholders have a precautionary approach to environmental challenges. We undertake internal and external initiatives to promote greater environmental responsibility and encourage the development and investment of eco-friendly technologies in our business. Waste and water management are topics that we address at a site level. We have a range of technologies employed across our group of companies, such as hydropower and also on-site partners with local business in order to achieve 'zero to landfill'. We contribute to partnerships and initiatives that enhance environmental awareness and review strategies in our direct environment as well as in our supply chains.

Stollwerck has invested in the establishment of a plant-based production area at the site in Saalfeld, with the objective to provide our customers with a good tasting plant-based chocolate and to satisfy the growing interest of consumers in plant-based products, driven by health concerns, animal welfare and climate change. Our other German plant in Veitshöchheim has been producing vegan products since 2015. They are focused on producing lactose and gluten-free chocolate products, as well as products without added sugar and products that are high in protein.

Deforestation & Climate

We have the commitment to zero-deforestation sourcing; this applies to all cocoa sourcing. Even though the application of the EUDR is postponed, our commitment remains in progress. We are actively working toward this goal in close collaboration with our suppliers, ensuring alignment with EUDR requirements.

At Stollwerck we have a general grievance mechanism in place which can be also used in case of concerns related to deforestation. Any partner that wishes to raise concerns, questions or ask advice can revert to our company sustainability contact or alternatively email ethics@baronie.com for further information.

Following our CO2 assessment in 2020, we have focused on further reduction of our emissions and developing our climate strategy. Our group committed to the Science Based Targets Initiative (SBTi) to reach Net Zero for the European scope by 2050. In December 2024 we have handed in our targets for validation to the SBTi.

Agroforestry

In our direct supply chain, agroforestry is advanced by training and sensitization of the farmers. In 2024 Transparency Cacao achieved 43% agroforestry coverage.

For the agroforestry activities in our direct supply chain, we refer to the [Transparency Cacao 2024 update](#).

Chemical management and pesticides

Stollwerck strictly works in compliance with EU pesticide regulation 396/2005 and is an active member of several cocoa stakeholder initiatives. Considering that a large part of the cocoa is sourced as certified (Rainforest Alliance/ Fairtrade/ Organic), it needs to be taken into consideration that all applicable pesticide requirements are put in place and are monitored as part of the certification process.

Stollwerck is BIO certified since 2013. We intend to increase our organic sourcing. However, the market for organic chocolate is currently very challenging. We are exploring ways to increase our volumes of organic cocoa.

It is a shared
responsibility
for every single
one of us.



2. We take our responsibility

2.1 Human rights

Stollwerck recognises the ability that we, together with our stakeholders, have to contribute to strengthening human rights in our supply chains. We observe and support the principles of the UN, ILO and OECD in relation to fundamental human rights, throughout our supply chain. Our Code of Conduct and business policies are based on the 9 principles of the Ethical Trade Initiative (ETI) Base Code as described in our Code of Conduct.

2.2 Living income

Earning a living income is a basic human right. This is the main principle for us to address any sustainability challenges in the cocoa industry and for this reason, we are committed to enable the cocoa farmers in our supply chains to earn a living income latest by 2030.

Stollwerck's time-bound living income action plan includes purchasing practices that address the possibilities to increase the farm gate price. This is mainly done by paying premiums for certified and verified cocoa as well as by offering customers the opportunity to pay the Fairtrade Living Income Reference Price (LIRP) as part of the Transparence Cacao offer. We are a member of several partnerships and forums to further address this topic and together with other organisations in the cocoa industry find ways to collaboratively at a larger scale improve the living income of the farmers.

We seek to engage in long-term contracts with suppliers. In our direct supply chain three to five-year contracts are in place with the cooperatives whereby on an annual basis the volumes are agreed by both parties.

2.3 Child and forced labour, human trafficking

We respect and embrace clear standards on human rights. We adhere to the corresponding laws and standards such as prevention of forced and child labour, human trafficking and other illegal practices. We condemn and reject child labour, illegal, abusive or forced labour. Any kind of exploitation of children or adolescents is not tolerated by our business. If at any point we have concern over our supply chain, immediate action will be taken, our relevant partners will be informed, and we will cooperate with relevant authorities.

We are educated in the risks associated with the origins we procure from, and the supply chains involved in cocoa. Our organisation adopts a socially responsible approach to business and is sensitive to threats within the industry we operate. Together with our stakeholders we work closely, to ensure that there is no modern slavery or human trafficking happening in any element of our business.

Stollwerck's initial approach towards child labour was, due to the mainly indirect supply chains, based on purchasing volumes of Fairtrade and Rainforest Alliance cocoa. Both standards have systems in place to address child labour, such as the assess and address approach.

Since 2021, with the opportunity of our direct supply chain in Côte d'Ivoire, our focus is on increasing our direct supply chain in order to directly support cooperatives in implementing child protection systems. One concrete example is a project together with Cémoi and the 'Fund against child labour' of the Netherlands Enterprise Agency (RVO), which contributes to eliminating child labour from the cocoa supply chain. During the 1st phase of our collaboration in 2024, we researched the occurrences and causes of child labour. Our focus was on four cocoa cooperatives which are highly committed to addressing potential child labour among their member cocoa farmers. They are located in four cocoa producing regions: Sassandra, Lakota, Aboisso and San Pedro, covering more than 50 villages and 2,289 cocoa farmers. This local impact assessment has given further insights in the current situation and serves as a starting point for a second project phase to design and carry out effective downsizing measures of child labour within the supply chain for three years. During the 2nd phase, we will scale up the project to include more farmers and design and carry out effective downsizing measures to make child labour a thing of the past. Our approach is based on strengthening the collaboration with relevant public and private stakeholders in order to increase our impact together. Hereby we have a bottom-up approach whereby our focus is on understanding and listening to the farmers and cooperatives involved. Being aware that poverty is one of the root causes for child labour, improving the living income of the farmers will be an important element of this project.

The objective is to get a better insight in the occurrence of child labour in our supply chain, as well as strengthen existing and implement new child monitoring remediation systems. The ultimate goal is to play our role in ensuring that the cocoa supply chain will eventually become truly sustainable, without the occurrence of child labour.

As poverty is one of the root causes of child labour, we focus our approach on working towards our goal to ensure that all cocoa farmers that supply beans to Stollwerck will be enabled to earn a living income in 2030.

2.4 Gender Equality

Our strategy for gender equality in cocoa is twofold. In our direct supply chain, we focus on empowering women through education and entrepreneurship, creating opportunities for greater economic independence. In our indirect supply chain, we prioritize sourcing Fairtrade and Rainforest Alliance certified volumes, as both certifications actively promote gender equality. This includes policies that strengthen women's rights, support their participation in decision-making, and enhance access to resources and training.

We fulfil our
commitments,
because we
connect with our
people.



3. We connect

Stollwerck fulfils its commitments because we connect with our people, employees, suppliers, customers, consumers and other stakeholders. This enables us to create products, which are safe, produced under fair conditions and contribute to a more sustainable world.

Business obligations are honoured, and our stakeholders are expected to do the same. Based on a relationship of mutual trust we create long lasting partnerships during which we strive to connect entities in the supply chain through open and honest communication. Stollwerck has several partnerships out of which two important for cocoa sustainability are highlighted below.

3.1 Transparency Cacao

Since 2021, we are a proud partner of the Transparency Cacao program. This program guarantees the traceability of the cocoa from the bean to the finished chocolate and enables a direct relation with everyone in the supply chain; from the farmer to the consumer. It integrates traceability, aromatic quality and respect for the environment in the cocoa supply chain. But above all, it initiates an approach to generating wealth and transforming rural cocoa farming areas in order to contribute to an improved quality of life of the cocoa farmers. The farmers are our main business partners who produce the most important raw material of our unique tasting chocolate. More information about Transparency Cacao available [here](#).

3.2 German Initiative on Sustainable Cocoa

Stollwerck has been a founding member of the German Initiative on Sustainable Cocoa (GISCO) since 2012. This platform brings stakeholders in the chocolate industry together to actively promote sustainability in the cocoa value chain, learn from each other and address important issues.

The main objectives of the platform are to improve living conditions of cocoa farmers and their families and to contribute to a secure living. To conserve and protect natural resources and biodiversity in cocoa producing countries and to increase cultivation and commercialization of sustainably produced cocoa. The key topics are traceability, living income, child labour, certified cocoa and deforestation. Further information can be found [here](#).

And **we will**
continue to care,
connect and take
our responsibility.

