

Cocoa sector regulatory developments: What you need to know

Social, economic and environmental challenges are increasingly garnering the attention of policy makers. Broader EU political developments, as well as initiatives taking place at a Member State level, are expected to accelerate market transformation towards an even more sustainable cocoa sector.

Please note that this factsheet was developed based on the latest available developments we are aware of. It is solely intended as an informational resource, not as a legal advice. This factsheet is not exhaustive of all regulatory developments across the EU. © 2021 Cargill, Incorporated. All rights reserved.

Policy Developments on EU level

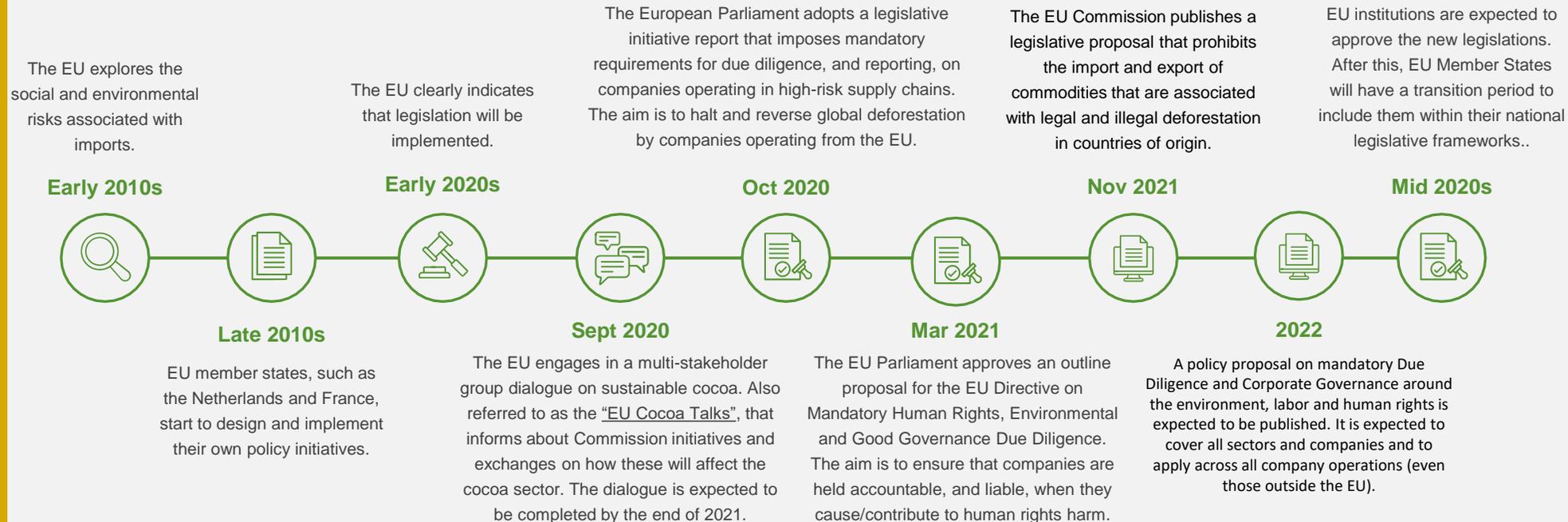
Top priorities under scope

- Human Rights issues, such as Child and Forced Labor
- Ending Deforestation and Forest Degradation
- Transparency and disclosure on non-financial aspects of business (ESG*)

EU definition of Responsibility**

The company is responsible for its immediate business area, that means for its own company and its extended supply chain.

Timeline and milestones impacting the cocoa sector



*ESG stands for Environmental Social and Governance. You can access Cargill's ESG scorecard [here](#).

**Based on OECD Due Diligence guidelines for responsible business conduct.



Why Cargill is your partner in navigating this changing regulatory environment?



We fully support an EU Due Diligence Regulation, and we are committed to keep on identifying, assessing, and remediating any environmental or human rights harms.



We are investing in due diligence systems and building capabilities across our business. Based on risk-profiles, we are prioritizing where to focus, and where to engage with suppliers in order to build their capacity.



We are actively participating in the EU Cocoa Talks and engaging in public consultations via our Government Relations Team and our industry associations in order to advance the sector's transformation.



We have over 20 years of experience in cocoa sustainability and through the [Cargill Cocoa Promise](#) we invest in targeted interventions with farming households and farmer organizations, while forging strong local and sector-wide partnerships and delivering supply chain transparency through technology digitalization.

How Cargill can help you

- Benefit from the [Promise Solutions](#) and ensure that you are meeting compliance requirements.
- Access the [CocoaWise™ Portal](#) to increase your visibility into your supply chain and accurately and credibly inform your sustainability reporting with the most relevant KPIs.

Implications

All companies operating within the EU will need to implement due diligence if they are sourcing commodities, such as cocoa, as well as selected derived products (including chocolate).

The upcoming legislation will include a new set of obligations and possibly liabilities, requiring companies to know their supply chains in detail and understand the associated environmental and social risks. This means that the new legislative requirements will raise the environmental, social and due diligence standards on the purchase of cocoa products in Europe.

Join us in creating meaningful change, because a change in cocoa growing communities benefits all

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EU Member State legislations and voluntary initiatives on sustainable cocoa

France

- ✓ **Due Diligence law - Duty of Vigilance**
Since 2017, France has a national legislation with cross-sectoral approach in place, which requires all large* French companies to undertake due diligence with regards to the companies they control, and all of their contractors and suppliers.
- ✓ **National Strategy Against Imported Deforestation (SNDI)**
In 2018, France established its new national strategy to combat imported deforestation and use trade to help decouple economic development from tree-cutting and unsustainable agriculture. France aims to eliminate the imports of products linked to deforestation by 2030.
- ✓ **French Initiative on Sustainable Cocoa (FRISCO)**
In October 2021, FRISCO was signed. The signatories committed fully to ensuring a prosperous and sustainable cocoa production system, for the benefit of producers and the whole sector. Additionally, they committed to finding sustainable solutions that go beyond the individual, and collective actions that have already been implemented.

Belgium

- ✓ **Human Rights Due Diligence**
In 2019, a group of civil society organizations published an open letter advocating for a Belgian law on human rights due diligence, but, as yet no action has been taken.
- ✓ **Beyond Chocolate**
Beyond Chocolate is a partnership for a sustainable Belgian chocolate industry and is working to end deforestation, stimulate education for future generations and provide a living income for cocoa growers.

*with over 5,000 employees in France and over 10,000 globally

Germany

- ✓ **National Action Plan Human Rights**
In June 2021, the government adopted a supply chain "duty of care" act that requires mandatory human rights and environmental due diligence for German companies. The act involves identifying human rights' violations risks, and environmental destruction, at both a direct, and indirect supplier level.
- ✓ **German Initiative on Sustainable Cocoa (GISCO)**
GISCO aims to achieve a sustainably thriving cocoa sector by exchanging experiences and knowledge, working closely with the cocoa producing countries and networking at national and international level with organizations pursuing similar interests.

The Netherlands

- ✓ **Child Labor due diligence law**
In 2017, the Netherlands adopted a law which requires all companies to determine whether child labor occurs in their supply chains and set out action plans to address and prevent child labor from happening. The law is expected to go into effect in 2022/23.
- ✓ **Dutch Initiative on Sustainable Cocoa (DISCO)**
In 2010, a public-private partnership of the Dutch cocoa and chocolate sector was established aiming to sustainably improve the livelihoods of current and future cocoa farming families.



Other EU country legislations and voluntary initiatives on sustainable cocoa

United Kingdom

- ✔ **Modern Slavery Act & deforestation due diligence law**
Since 2015, the UK government requires large companies to publish an annual statement, which includes information on the impact of their operations on the community, and the environment.
- ✔ **Deforestation Due Diligence Law**
The UK is progressing with a law which will cover illegal deforestation and is expected to be adopted by the end of 2021.

Switzerland

- ✔ **Act on Due Diligence and Reporting Obligations**
By 2022, new Environmental, Social and Governance (ESG) reporting and due diligence obligations are expected to go into effect. These obligations will apply to companies with their registered office, central administration, or principal place of business in Switzerland who offer products or services within a sector, where there are reasonable grounds to suspect child labor.
- ✔ **Swiss Platform for Sustainable Cocoa**
In 2018, a multi-stakeholder initiative for more sustainability in the cocoa value chain was created. The members of the Cocoa Platform actively engage and collaborate to sustain a viable and resilient cocoa value chain, for both present and future generations.

How Cargill can help you

- We are a signatory and active participant in national sustainability initiatives. We participate both in senior level steering committees and technical working groups.
- Our customers benefit from our [Promise Solutions](#). As a result, they can demonstrate leadership in addressing Member State voluntary initiatives on sustainable cocoa.
- Access the [CocoaWise™ Portal](#) to increase your visibility into your supply chain and accurately and credibly inform your sustainability reporting with the most relevant KPIs.
- We will continue engaging with external stakeholders in order to empower and advance sustainable practices and ensure that they can reach the greatest number of farmers and their families.