Regulatory developments in the European Union:
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.

Policy Developments at EU level

**Deforestation Regulation**
Reducing EU’s contribution to deforestation and forest degradation worldwide, by banning products linked to deforestation-risk commodities from the EU market.

**Forced labor Regulation**
All products made with forced labor will be banned from being placed or made available on the EU market, including import and export.

**CSDD Directive**
The EU Council proposed a Directive on mandatory Corporate Sustainability Due Diligence (CS3D). It aims to address human rights and environmental impacts across value chains.

Timeline and milestones

The EU Commission publishes a legislative proposal that prohibits the placing of product on the EU market, including import and export, of six commodities and derived products associated with deforestation, legal and illegal.

EU institutions are expected to approve the deforestation regulation (Q1) and CS3D (Q2/Q3). After this, EU Member States will have a transition period to enforce them.

EU institutions are expected to enforce the Forced Labor regulation.

You can access Cargill’s 2022 ESG report [here](#).
Why is Cargill your partner in navigating this rapidly evolving regulatory environment?

We support the CSDD Directive, and we are committed to keep on identifying, assessing, and remediating environmental or human rights harms.

In line with the Cargill Policy on Forests and Cargill Human Rights Commitment, Cargill is committed to respecting human rights and reducing, and ultimately eliminating, deforestation from our supply chains whilst respecting farmers’ need to make a living from cocoa.

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 build an ambitious roadmap to improve the economic, social and environmental sustainability of cocoa production and trade.

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.

Implications

All companies operating within the EU will need to implement due diligence if they are sourcing commodities, such as cocoa, as well as derived products and other chocolate ingredients.

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 human rights risks. Companies will be required to act on the insights and communicate publicly on their progress around the environmental, human rights and due diligence standards.

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

How Cargill can help you:

○ Our customers benefit from our Promise Cocoa solutions and demonstrate leadership in addressing Member State voluntary initiatives on sustainable cocoa.

○ Access the CocoaWise™ Portal to increase visibility into your supply chain and accurately and credibly inform your sustainability reporting with the most relevant KPIs.
National policies impacting the cocoa sector in Europe

Belgium
Human Rights Due Diligence
In April 2021, the Parliament voted in favor of a Belgian due diligence law proposal to strengthen the obligations of companies throughout their supply chains. No further developments yet.

France
Due Diligence law - Duty of Vigilance
A legally binding obligation, which requires all large* French companies to develop a vigilance plan & undertake due diligence with regards to the companies they control, all their contractors and suppliers. More information

National Strategy Against Imported Deforestation (SNDI)
France aims to eliminate the imports of products linked to deforestation by 2030. More information

United Kingdom
Modern Slavery Act.
Since 2015, large companies publish an annual statement, which includes information on the impact of their operations on the community, and the environment.
See Cargill Modern Slavery and Human Trafficking Statement.

The Environment Act 2021 and Deforestation Due Diligence
The government ran a public consultation from 3 December 2021 to 11 March 2022 to seek views on the detail of regulations that will implement these provisions, to ensure that these are designed effectively. Awaiting implementation through secondary legislation. More information

Germany
German Supply Chain Act
Coming into force from 1st January 2023 for companies with > 3000 employees, and from January 2024 for companies with at least 1000 employees, it sets mandatory human rights and environmental due diligence for German companies, at both direct, and indirect supplier level. More information

The Netherlands
Child Labor due diligence law
In May 2019, the Senate voted to adopt a child labor due diligence law which enforcement is pending. In November 2022, the Parliament published a proposal for a Responsible and Sustainable International Business Act, addressing human rights and environmental impacts in supply chains, now being assessed by the Dutch government. More information

Norway
Norwegian Transparency Act
The act came into effect on 1 July 22. It requires businesses to respect human rights, ensure decent working conditions and public access to information on how businesses deal with diverse human rights impacts.
See Cargill’s public statement in support of the act.

Switzerland
Act on Due Diligence and Reporting Obligations
In March 2022, a draft ordinance was published by the Swiss government specifying climate related obligations. It is to be enforced from January 2023. More information

* with over 5,000 employees in France and over 10,000 globally.
Voluntary industry initiatives on Sustainable Cocoa in Europe

Beyond Chocolate

Beyond Chocolate is a multi-stakeholder voluntary partnership for a sustainable Belgian chocolate industry and is committed to:
- By 2025, end deforestation due to cocoa grown for Belgian region
- By 2030, cocoa growers earn a living income
- All chocolate sold & produced in Belgium shall be certified

More information

Dutch Initiative on Sustainable Cocoa (DISCO)

- Cocoa farming families will be enabled to earn a living income by 2030
- Cocoa-related deforestation and forest degradation will have ended in supply chains by 2025
- Effective measures and necessary actions contributing to ending child labor by 2025 are taken

More information

German Initiative on Sustainable Cocoa (GISCO)

During the 2022 meeting in Brussels, GISCO committed to work together with ‘Beyond Chocolate’ and DISCO with an aim to ensure better living conditions for cocoa farmers in a sustainably thriving cocoa sector.

More information

Swiss Initiative on Sustainable Cocoa (SWISSCO)

In their 2030 roadmap, SWISSCO is targeting four areas focusing on people and environment which are aligned with the SDGs set by the UN-GA and to have 80% of all cocoa bean equivalents imported into Switzerland sourced from sustainable production.

More information

British Sustainable Cocoa Partnership (BRISCO)

Influenced by the national platforms formed by various European countries, IDH the Sustainable Trade Initiative is assessing the interest among UK-based cocoa and chocolate industry players as well as civil society and government to establish a British Sustainable Cocoa Partnership.

More information

French Initiative on Sustainable Cocoa (FRISCO)

In October 2021, FRISCO was signed with a commitment to:
- Eliminating deforestation related imports by 2025
- Ending forced & child labor in cocoa producing regions by 2025
- Achieve living income for farmers by 2030

More information

Policy developments regarding cocoa & chocolate sustainability in Europe:

What you need to know about the voluntary industry initiatives on sustainable cocoa (ISCOs) in Europe.

Last updated in December 2022.
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.

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