

Template for DISCO action plans

Subsectors 'Traders & Processors' and 'Manufacturers & Brands'

Instructions

To gather more quantitative insights in what individual signatories are contributing to the DISCO goals in the upcoming years and how the partnership is progressing jointly, the Steering Committee agreed that all signatories will develop and publish individual action plans. These action plans show how they are contributing to the DISCO goals in the upcoming 3 years (until end 2026), and:

- are based on the commitments from the [DISCO declaration](#);
- have a strong link with the indicators from the ISCO Reporting Framework;
- explain how the principles on procurement practices as laid down in the DISCO procurement practices position paper, are being implemented by DISCO signatories.

You are asked to fill below template and submit it by **30 June 2024 the latest** to the DISCO Secretariat: Mark de Waard, dewaard@idhtrade.org and Lisa Graepel, graepel@idhtrade.org.

After submission and review by the DISCO Secretariat, all DISCO action plans will be published on the DISCO website. The DISCO Secretariat will analyse and summarise the action plans. The outcomes of this analysis will be shared and discussed during the annual General Assembly at the end of 2024.

For more guidance on defining the actions around the three impact themes, it is recommended to consult the DISCO Roadmaps on [living income](#), [deforestation and forest degradation](#), and [child labour](#). For more information on the quantitative targets, the definitions and usage of the indicators, please consult the [ISCO Reporting Framework](#).

All action plans will cover the period 2024-2026. The quantitative targetstrack progress cumulatively until the end of 2026, including what's already been achieved. Progressive targets with intermediate milestones could also be included. It is also requested to give a brief qualitative description. Where needed, references to a more comprehensive description of the strategy could be included.

General information

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Plans on DISCO ambitions to enable living incomes

Living income gap measurement

Describe in max. 200 words what your organizations' plans are to measure income gaps throughout your supply chain, and describe the methodology, including which living income benchmark will be used for measurement of the income gaps¹.

¹ Recommended methodology: [LICOP's Guidance Manual on Calculating and Visualizing the income gap to a Living Income Benchmark](#)

- We use the benchmark set by the LICOP (based on the Anker Methodology).
- The income model we use is based on cocoa income but also includes other income generating activities. We use our Farmer Fields book study we did together with Agri-Logic to define the cost of cocoa farming but also the income from cocoa farming activities.
- Linked to the Living Income benchmark we calculate after each announcement of the farmgate price the GAP versus the LIRP. On today we use the Fairtrade model to calculate the LIRP and the GAP.

Substantiate this by setting a quantitative target on the following indicator:

Total # and % of farming households in supply chain for which a living income gap is measured:

By the end of 2024	# 90.000 of farming households	- % of farming households
By the end of 2025	# 100.000 of farming households	- % of farming households
By the end of 2026	# 110.000 of farming households	- % of farming households

Living income strategy implementation

Describe in max. 300 words what your organizations' plans are:

- to implement living income strategies (according to the ISCO definition²) throughout your supply chain;
- what that strategy entails and how the multiple income drivers around land size, yield, price, cost of production and diversified incomes are addressed;
- the expected impact around living income gap closure for households (households that closed the gap and those moving towards closing the gap).

We have published earlier a [White paper](#) together with Agri-Logic. Based on this study we made the conclusion that growing volumes produced by a smaller number of farmers who achieve living income through a combination of higher yield, bigger farms and higher farm gate prices is the strategy we want to get implemented. We support higher investments in farms to improve farming practices driving higher yields. We focus on "doing" rather than "learning" and we subsidize first hectare farming practices with the goal that farmers will adopt the practices on their full farm. We collaborate with our customers on various premium-paying programs. In detail this means we implement the below measures

- We deploy labor solutions through subsidized labor groups for farmers. Providing them with farm services like pruning, crop protection and fertilizers. Most often the workers are smaller farmers themselves.
- We will distribute High yield cocoa seedlings as part of a replanting package or for simple distribution.
- We offer the customer the solution to pay the extra premium to close the GAP toward the LIRP via for example the Tony's Open Chain model.
- Next to that we also participate to the implementation of innovative cash transfer programs such as Nestlé Household Income Accelerator (HIA), with high level of cash transfer (up to €500 per household) based on performance on agricultural practices, school attendance, pruning and income diversification activities.
- We want to use industry associations such as the World Cocoa Foundation (WCF) or the European Cocoa Association (ECA) to consolidate the industry around a transformative agenda.

Substantiate this by setting a quantitative target on the following indicator:

Total # and % of farming households in supply chain for which a living income strategy is implemented:*

(*Our first step to bring farmers to a Living income is lifting them out of poverty which means bring them above the World Bank Benchmark of extreme poverty. We consider this step as the starting point of our living Income strategy this is why we include these farmers as being farmers where we implemented a LI strategy)

² See [ISCO Reporting Framework](#), p. 38

By the end of 2024	# 350.000 of farming households	-% of farming households
By the end of 2025	# 400.000 of farming households	-% of farming households
By the end of 2026	# 500.000 of farming households	-% of farming households

Procurement practices

Describe in max. 200 words what your organizations' plans are to change procurement practices, based on the three agreed principles in the DISCO Procurement Practices Position Paper³ (please comment on each principle):

- Farmers are adequately remunerated so that sustainable cocoa farming can be profitable and enable them to earn a living income.
- Farmers and farmer groups are reliably and promptly paid for the cocoa beans supplied.
- Farmers and farmer groups have assurances from their off-takers in the form of longer term agreements for the supply of sustainable cocoa in the years to come.

- At Barry Callebaut, we are actively collaborating with our customers on various premium-paying programs (Rainforest Alliance, Cocoa Horizons, Tony's Open Chain,...). We also facilitate the way farmers receive their premiums. In 2022/23 we continued scaling our digital premium payment solutions across West Africa, Indonesia and South America. Digital premium payments benefit cocoa farmers by establishing credible income records and accelerating financial inclusion. Our digital payment program has also facilitated thousands of West African farmers to obtain a national ID by working with community and government authorities. Payment digitization is a key part of Forever Chocolate, our plan to make sustainable chocolate the norm. It supports the financial inclusion of cocoa farmers and secures the traceability and reliability of most cocoa premiums currently paid by our customers. Full transition to digital payments will come in the near future.
- Within our Forever chocolate program we are audited (by PWC) on the premiums we have payed to farmers.
- The most of the farmer groups we work with are already in our supply chain for many years. As part of our Farm Services business, our Farm Services specialists work with the individual farmers of the farmer groups to evaluate their farm landscape – soil analysis, age of cocoa trees, presence of alternative crops and livestock – and categorize the agricultural skills and resources the farmer already possesses. This results in the formulation of individualized Farm Business Plans (FBPs), including a multi-year model of the potential income a specific farm can generate if managed optimally.
- We focus on long-term success through training, last mile delivery, planting services, extended monitoring and payment for ecosystem services ("PES") at ~CHF 50 per HA with a 10yr commitment.
- We want to use industry associations such as the World Cocoa Foundation (WCF) or the European Cocoa Association (ECA) to consolidate the industry around a transformative agenda.

Substantiate this by setting a quantitative target on the following indicator:

Total # and % of farming households in supply chain for which the procurement practices are adapted in line with the principles from the DISCO Procurement Practices Position Paper:

By the end of 2024	# 130.000 farming households	- % of farming households
By the end of 2025	# 150.000 farming households	- % of farming households
By the end of 2026	# 175.000 farming households	- % of farming households

³ <ADD LINK TO POSITION PAPER>

Plans on DISCO ambitions to end deforestation and forest degradation

Traceability

Describe in max. 200 words what your organizations' plans are to source traceable up to the farm level.

As Barry callebaut we are capturing polygon information for the whole of our supply chain. In order to monitor and prevent deforestation it is crucial to know exactly where ingredients are produced. Mapping the location of the farmers we are sourcing from is a first step to ending deforestation. Mapping allows us to assess the proximity of farm and forest overlaps, including areas of protected forests. Especially for cocoa, our efforts combine mapping with polygons with geo-localization based on satellite images. In addition, in order to manage the risk of cocoa being associated with deforestation or illegal production, we also monitor the volumes we source from the mapped areas compared to credible yield assumptions. We continuously work on improving our due diligence collaboration with cooperatives and farmers in areas with high risks of deforestation, and cease or scale back our sourcing activities where necessary. By the end of 2024 we will make sure that all the cocoa entering into Europe will be 100% traceable up to farm level.

Substantiate this by setting a quantitative target on the following indicator:

Volume in MT-BE and % sourced per traceability level by the end of 2024 for cocoa entering into Europe.

Origin known	- MT-BE	0 %
Country known	- MT-BE	0 %
Cooperative known	- MT-BE	0 %
Farm known and having at least one coordination per farm (farm mapping) / Farm known, having point coordinates and /or polygons for plots less than 4ha and polygon boundaries of the plots bigger than 4ha.	- MT-BE	100 %

Volume in MT-BE and % sourced per traceability level by the end of 2025 for cocoa entering into Europe.

Origin known	- MT-BE	0 %
Country known	- MT-BE	0 %
Cooperative known	- MT-BE	0%
Farm known and having at least one coordination per farm (farm mapping) / Farm known, having point coordinates and /or polygons for plots less than 4ha and polygon boundaries of the plots bigger than 4ha.	- MT-BE	100 %

Volume in MT-BE and % sourced per traceability level by the end of 2026 for cocoa entering into Europe.

Origin known	- MT-BE	0 %
Country known	- MT-BE	0 %
Cooperative known	- MT-BE	0 %
Farm known and having at least one coordination per farm (farm mapping) / Farm known, having point coordinates and /or polygons for plots less than	- MT-BE	100 %

4ha and polygon boundaries of the plots bigger than 4ha.

Signing national initiatives aiming to end cocoa related deforestation in sourcing countries

Describe in max. 300 words what your organizations’ plans are to sign and adhere to the national initiatives aiming to end cocoa related deforestation (e.g. Cocoa & Forests Initiative) in the countries you source from by indicating:

- Which national initiatives your organization already signed and are planning to sign
- Beyond deforestation free initiatives, what is your organization doing to contribute to protecting forests and restoring natural forests degraded by cocoa production s, especially around:
 - (HCV/HCS) mapping;
 - Monitoring forest remnants;
 - Establishment of cocoa agroforestry systems;
 - Restoration of natural forests that have been degraded by cocoa.

- In our Forever Chocolate commitments we have committed to be forest positive. This extends beyond exercising due diligence on and around farms and drives us to proactively support forest conservation. Our focus centers on collaboration in multi-stakeholder partnerships that develop landscape initiatives like CFI and WCF promoting community-based management models for forest conservation and restoration. Currently, we are engaged in active restoration efforts in the Agbo 2 Forest in Côte d’Ivoire, in which, although designated as protected, many hectares of forest have been lost over time to illegal slash-and-burn, logging and poor agricultural practices.

- Next to that we deploy large scale agroforestry program in CI/Ghana but also in Indonesia and Brazil where we focus on long-term success through training, last mile delivery, planting services, extended monitoring and payment for ecosystem services (“PES”) at ~CHF 50 per HA with a 10yr commitment. With our agroforestry program we target a density of 70 trees /HA in a mix of intercropping & boundary planting. A mix of 5 species are offered, incl. Timber & fruit trees.

- We work with the governments of Côte d’Ivoire and Ghana, our industry partners and other stakeholders to protect and restore forests, support sustainable cocoa production and thriving communities, and build a forest positive future. Barry Callebaut was one of the leading signatories behind the Cocoa & Forests Initiative (CFI). We actively engage with governments through steering committees, working groups, and regular meetings in cocoa growing countries and set targets for CFI 2.0 (2023-2025).

Substantiate this by setting a quantitative target on the following indicator:

National initiatives aiming to end cocoa related deforestation signed.

	Sourcing from Ghana and signed CFI Côte d’Ivoire	Sourcing from Ghana and signed CFI Ghana	Sourcing from Cameroon and signed RDFC Cameroon	Sourcing from Colombia and signed CB&P Colombia
By the end of 2024	Signed	Signed	Signed	Not sourcing from Colombia
By the end of 2025	Signed	Signed	Signed	No sourcing from Colombia
By the end of 2026	Signed	Signed	Signed	Not sourcing from Colombia

Deforestation-free sourcing

Describe in max. 200 words what your organizations’ plans are to source deforestation-free⁴.

⁴ See [ISCO Reporting Framework](#), p. 37

- We have developed a risk assessment framework aligned with EUDR requirements to identify areas at risk of noncompliance with EUDR across our entire supply chain. In complement, we will rely on land use maps and deforestation monitoring to evaluate the compliance of volumes entering our supply chain.
- We also developed a clear set of sourcing guiding principles where we assess the risk of suppliers being tied to deforestation. And we classify all sourcing areas into 3 risk categories (high/medium/low)
- We are implementing improved software that include private-sector maps, can process larger polygon datasets and can be integrated to our traceability and sourcing systems.
- 3rd party suppliers are assessed by the sustainability team to establish whether indirect supplies and 3rd party cocoa products comply with EUDR / Forest Positive requirements. All polygons are consolidated internally, irrespective of direct or indirect sourcing
- In addition to investing in forest conservation in specific areas, we will use tools designed to mitigate risks of cocoa entering our supply chain without complying with EUDR / Forest Positive objectives.
- We are mainstreaming forest protection in our EUDR approach as the main element of our mitigation strategy.
- We are creating a supply chain toolbox with a robust approach towards risk management with a clearly designed risk assessment framework focusing on land monitoring and supplier assessment. This toolbox includes also a risk mitigation strategy focusing on Yield control (based on AgriLogic and Crop Cut Experiments) to only source volumes from a plot / farmer / farmer organization which they are realistically able to produce. Next to that the risk mitigation strategy also includes a grievance mechanisms and a supplier engagement protocol.

Substantiate this by setting a quantitative target on the following indicator:

Volumes in MT-BE and % sourced that can be claimed as deforestation-free differentiated per cut-off date (please indicate the latest date).

By the end of 2024	- MT-BE sourced claimed deforestation-free per <YEAR>	100 % sourced into Europe claimed deforestation-free per Oct 2024
By the end of 2025	- MT-BE sourced claimed deforestation-free per <YEAR>	100 % sourced into Europe claimed deforestation-free per Oct 2024
By the end of 2026	- MT-BE sourced claimed deforestation-free per <YEAR>	100 % sourced into Europe claimed deforestation-free per Oct 2024

Plans on DISCO ambitions to end child labour

Child labour Monitoring and Remediation System (CLMRS) or equivalent system roll out

Describe in max. 200 words what your organizations' plans are to roll out Child labour Monitoring and Remediation System (CLMRS) or equivalent system throughout your supply chain.

The combination of modernized agriculture, poverty reduction & empowered communities creates an environment where child rights are protected. We strengthen cocoa communities in our direct supply chain by empowering them to guide their own development. This starts by understanding which communities are most at risk, and providing them with support to strengthen local child protection systems, access to quality education, adequate infrastructure and improved livelihoods. Through our full supply chain we apply a due diligence framework structured around the OECD 6-step due diligence guidelines

1- Policy commitment & embedment of human rights in management systems: Code of conduct, supplier code & grievance mechanism

2- Human rights assessment: in depth country human rights risk assessment & human rights supplier risk assessment

3- Prevention & mitigation: training of employees & suppliers. Collaboration with industry & governments at international, national & regional levels

4- Performance tracking: tracking of activities & case management

5- Performance communication: FC report & customer program reports

6- Remediation: remediation activities and follow up when appropriate

CLMRS is a part of this strategy but together with ICI we are developing a more community based approach to cover the child labor cases in our supply chain.

Substantiate this by setting a quantitative target on the following indicator:

Total # and % of farming households in supply chain that are covered by a Child Labour Monitoring and Remediation System (CLMRS) or equivalent system:*

**figures are referring to the farmer groups in our direct supply chain.*

By the end of 2024	# - of farmer groups	80 % of farmer groups*
By the end of 2025	# - of farmer groups	90 % of farmer groups*
By the end of 2026	# - of farmer groups	100 % of farmer groups*