

AT A GLANCE



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At a glance



Reporting methodology

The United Nations Agenda 2030, which was adopted in September 2015, is a global action plan for sustainable development. At its heart are seventeen Sustainable Development Goals (SDGs) which provide the blueprint for sustainable development encompassing economic, social and environmental dimensions. Our business activities are making a positive contribution to eleven of these goals (see above). How our sustainability actions relate to these SDGs is shown in the matrix on page 44 of this report. In addition, our sustainability reporting closely follows the Global Reporting Initiative (GRI) guidelines and those of the International Labour Organization (ILO).

Key figures for 2018

PROCUREMENT

3,179

tonnes of cocoa butter

100%
certified



7,995

tonnes of cocoa beans

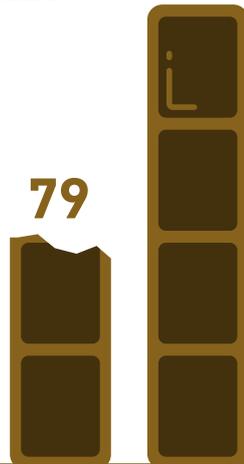
98%
certified

SALES OF SUSTAINABILITY-LABELLED PRODUCTS

in CHF m

160

79



Shares of total sales: **56%**

Chocolate products: 80%

2014

2018

FAIRTRADE PREMIUMS FOR COCOA

in CHF

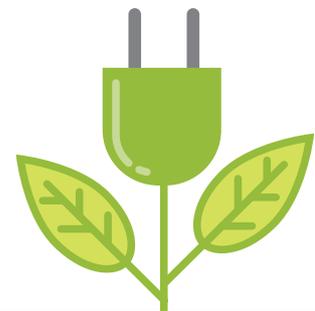


2,669,080



5 PROJECTS FOR SUSTAINABLE MIXED CULTIVATION (AGROFORESTRY)

in Ecuador, Ghana, Honduras, Madagascar, Peru



84%

SHARE OF RENEWABLE ENERGY IN TOTAL ENERGY CONSUMPTION



TREES PLANTED FOR CLIMATE PROTECTION

Since 2011: 389,145



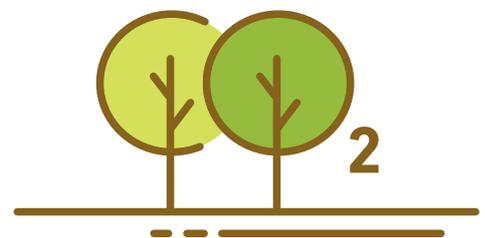
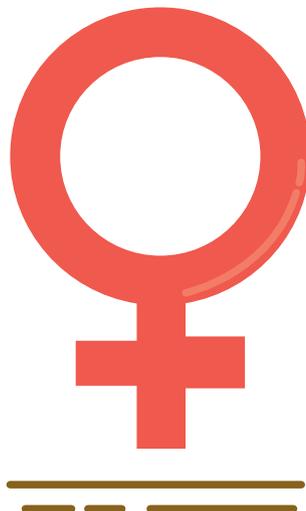
100%
CARBON-NEUTRAL
PRODUCTION



Swiss Ethics Award 2018

**AWARD FOR EXCEPTIONAL
COMMITMENT**

33%
REPRESENTATION OF
WOMEN IN
MANAGEMENT



32 m
NUMBER OF
CARBON-NEUTRAL
CHOCOLATE PRODUCTS SOLD

Interview with our CEO



Anton von Weissenfluh, Head of Chocolats Halba/Sunray, on a visit to Ecuador.

Mr von Weissenfluh, what does sustainability mean for Chocolats Halba/Sunray?

For us, sustainability means a number of things: conviction, identity, daily motivation, and not least a key success factor. Our customers value transparency, trustworthiness and quality. Thanks to our sustainability strategy spanning our entire value chain, we are able to live up to these high expectations to an extent unrivalled in our industry. Over the course of the last four years, Chocolats Halba/Sunray has more than doubled its sales of sustainability-labelled products.

Since the merger of Chocolats Halba and Sunray in 2017, our commitment to sustainability has acted more than ever as a unifying element. It fosters a sense of togetherness and identification with the new company. This effect was strengthened by receiving the 2018 Swiss Ethics Award for our cocoa project in Ecuador, as well as by the first joint employee trip when nine colleagues from across all business segments visited our cocoa farmers in Peru in 2018.

What sustainability issues did the company find particularly challenging in 2017/2018?

These two years were influenced by our relocation to the Coop Production and Quality Centre in Pratteln. This required a great deal of effort and flexibility from us all. Unfortunately, around half of Chocolats Halba's workforce were unable to make the move from the

canton of Zurich to the Basel region. This is regrettable, and I am pleased that we were able to find other suitable jobs for almost all the employees affected.

As a result of this high fluctuation rate, we were faced with the major challenge of recruiting new skilled workers. Here once again our commitment to sustainability worked in our favour: younger jobseekers in particular made a conscious decision to join Chocolats Halba/Sunray because they wanted to be involved in a meaningful activity that has a positive impact on their fellow human beings and the environment.

What areas will Chocolats Halba/Sunray be focusing on over the next two years?

One particular focus is climate protection. We are already planting 133 trees every day in order to offset our emissions. We would like to increase this number by selling even more products certified as carbon-neutral. We are also aiming to use well over 90% renewable energy at our new base. In our new sustainability project in Ghana, we are planning to combine cocoa cultivation with reforestation using dynamic agroforestry methods that meet the "Gold Standard" – a world first.

"With our efforts in this area, we have become something of a sustainability trailblazer in the Swiss chocolate industry in recent years."

We would now like to take this one step further and become a sustainability trailblazer in the Swiss food industry as a whole.

Dynamic agroforestry

Cocoa is mainly grown in monocultural systems as producers expect higher yields from these. However, the equation more cocoa plants = higher yields does not hold true. The one-sided cultivation is depleting the soil. The ground is unprotected from erosion because the stabilizing roots of large trees are missing. In addition, the cocoa plants are exposed to the full sun and become overheated and dehydrated. As a result, after just a few years the cocoa yield falls and the plants become susceptible to diseases and pests. Producers react by applying expensive mineral fertilizers and pesticides, which cuts into their margins and does additional damage to the soil. This negative spiral drives many small-scale farmers into poverty – or to clearing intact forests to create more plantations.

MOTTO FOR THE FUTURE: BACK TO THE ROOTS

Chocolats Halba/Sunray is a global leader in cocoa cultivation using dynamic agroforestry methods (DAF). This holistic approach mimics the original rainforest habitat of the cocoa tree – including establishing an understorey and a closed nutrient cycle. Cocoa is grown in combination with crops such as maize, manioc (cassava), bananas or mangoes, and with high-quality timber trees such as mahogany. The various plants help each other to grow, with tall light-loving ones providing a canopy for other crops that prefer more shade. Plants with high nutrient requirements benefit from neighbours that supply nutrients. The cocoa trees grow in the moist and shady undergrowth where they flourish and produce more beans.

This form of balanced mixed cultivation also produces large quantities of organic material. In contrast to monocultures, this is not thrown away or burned, but left lying. As a result, the ground does not dry out and the mulch created provides the plants with all the nutrients they need, making synthetic fertilizers and pesticides redundant.

DAF is an advanced cultivation method. In particular, the specific initial planting of the plots and correct pruning requires a great deal of expertise. Our DAF projects are designed to run over several years. During this period, selected farmers receive intensive instruction in agroforestry methods so they can then act as trainers themselves and pass on their acquired knowledge to other producers.

COCOA FARMERS GAIN LONG-TERM BENEFITS

Farmers benefit from the DAF model several times over: thanks to better soil quality, cocoa productivity can be doubled in the long term. Mixed-crop cultivation enables farmers to harvest crops regularly for their own consumption or to sell. High-quality timber trees also serve as a form of old-age provision – they can be felled and sold 20 to 30 years later, as long as they are replaced. DAF consequently improves the living standards of smallholders while at the same time countering social problems such as exploitative child labour practices, malnutrition or migration to the cities.

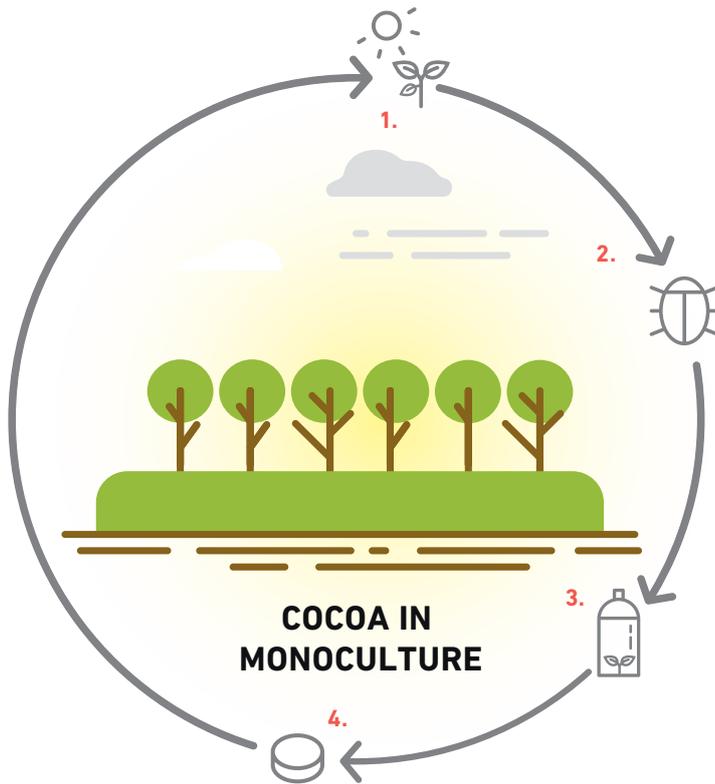
Nature is a beneficiary too, as with the DAF model deforested areas are reforested. Biodiversity in the plantations is enhanced, and the insects that are vital for pollination return. The timber trees act both as a water reservoir and as a natural defence against erosion. Moreover, they sequester CO₂ and consequently help protect the climate.

PROJECTS IN ECUADOR AND GHANA

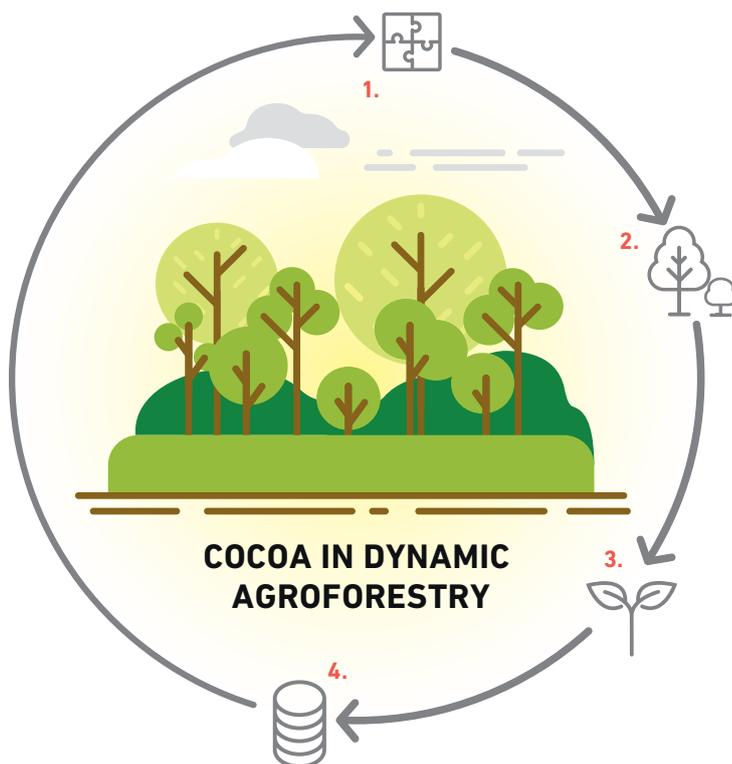
We are already running two major DAF projects in [Ecuador](#) and [Ghana](#), and at the end of 2018, we launched another similar project in Madagascar. The year 2019 will see the addition of further DAF pilot projects in [Honduras](#) and in the Dominican Republic. We are also leading agroforestry projects in Honduras and Peru where cocoa is being cultivated in combination with high-quality timber trees. This represents an initial step towards dynamic agroforestry.

In 2018, Chocolats Halba/Sunray was the recipient of the [Swiss Ethics Award](#) for outstanding ethical achievement in business for its FINCA agroforestry project in Ecuador.

CULTIVATION METHODS: MONOCULTURE VS DYNAMIC AGROFORESTRY



1. **One-sided cultivation** depletes the soil. The cocoa plants in need of shade are exposed to the full sun and become overheated and dehydrated.
2. **The weakened plants** yield less and are increasingly infested with diseases and pests.
3. **Farmers use expensive mineral fertilizers and pesticides**, which cuts into their margins and does additional damage to the soil.
4. **This negative spiral** drives many small-scale farmers into poverty – or to clearing intact forests to create more plantations.



1. **In dynamic agroforestry**, cocoa grows almost like in the rainforest – in combination with local fruits, vegetables and timber trees.
2. **The various plants help each other** to grow, with tall light-loving ones providing a canopy for other crops that prefer more shade. Plants with high nutrient requirements benefit from neighbours that supply nutrients. The cocoa trees grow in the moist and shady undergrowth where they flourish and produce more beans.
3. **Constant pruning and replanting produces a lot of organic material**. It is left lying around, protects the soil from drying out and provides the plants with all the necessary nutrients. Fertilizer and pesticides become superfluous.
4. **The farmers benefit from higher cocoa yields** and additional income thanks to the mixing of plants.