# Climate Policy & Action Plan to Achieve Net Zero Carbon

**Chocolats Halba**
**Division der**
**Coop Genossenschaft**
**Halba/Sunray Nachhaltigkeit**

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## 1. Introduction and commitment

From the World Economic Forum and the Intergovernmental Panel on Climate Change (IPCC) to the UN, human-induced (anthropogenic) global warming is universally seen as one of the greatest threats and challenges facing current and future generations. The social urgency of climate change and its perceived importance are also reflected in the climate protests held around the world, in which many of the participants are young people. Global warming has also been in the spotlight for some time in the national and international political arenas. For example, Switzerland has signed the Paris Climate Agreement, the Swiss parliament has approved a revision of the CO2 law, and the Federal Council has come out in favour of a net zero target for Switzerland. This means that starting in 2050, Switzerland may not emit more greenhouse gases in any year than can be absorbed by natural reservoirs in the same year.

By signing the Paris Climate Agreement and committing to the net zero target, the Federal Council has sent a strong signal in support of climate protection. Chocolats Halba (CHS) supports this climate policy. We have long been aware that climate change is one of the biggest challenges facing society in the coming years. As a global company we could be affected by the consequences of climate change at various stages of the value chain, from producers to suppliers and our customers. We want a national and international climate policy that reduces the global increase in temperatures to a controllable level. This is why we are also strongly committed to the fight against climate change.

As part of the Coop Group, we are closely aligned with our parent company Coop – which as long ago as 2008 declared its intention to be CO2-neutral within its core business by 2023, thus taking on a pioneering role in climate protection. Production at Chocolats Halba has therefore also been completely carbon-neutral since 2011, and at Sunray since 2017[1]. The calculations of the CO2 footprint of our business activities are independently audited by the myclimate foundation every year. Since 2017, we have been able to reduce our CO2 emissions by 30% despite increasing production volumes. In addition, since 2019, 94% of the energy produced at the site has come from renewable sources (wood chips and solar panels). We would now like to go one step further and commit to the reduction of pre-production CO2 emissions.

Next step: net zero carbon

Our aim is to reach the net zero carbon target by 2050, and we are therefore working constantly to further reduce our CO2 emissions at all levels. To do so we are strongly oriented towards the Science Based Targets Initiative (SBTi). Starting in 2022, our parent company Coop will use science-based annual reduction paths based on the Paris climate agreement, which will also apply to CHS. These reduction paths relate to our direct emissions from fuel consumption by vehicles, fuel consumption for heating purposes and electricity consumption. They do not include all other upstream and downstream emissions from our value chain.
We are aware, however, that most of our CO2 emissions are in our value chain, i.e. at level 3. In order to reduce these emissions in the long term as well, we have set ourselves the goal of working almost exclusively with suppliers who set themselves ambitious climate targets. We also want to actively approach our existing suppliers and formulate CO2 reduction targets with them. We have made a conscious decision not simply to offset emissions from this area, but to cooperate with our partners on the local reduction of emissions.

[1] The two Coop companies Chocolats Halba and Sunray merged in 2017.

## 2. Scope of application

This policy was formulated specifically for CHS on the basis of the Coop Group's climate strategy. Covering levels 1 to 3, it aims to achieve the net zero target by 2050. In addition, this document is part of an integrated corporate strategy, as part of which several policies have been formulated. These include the Agroforestry Policy and the No Deforestation Policy, both of which help to make the net zero carbon goal attainable.

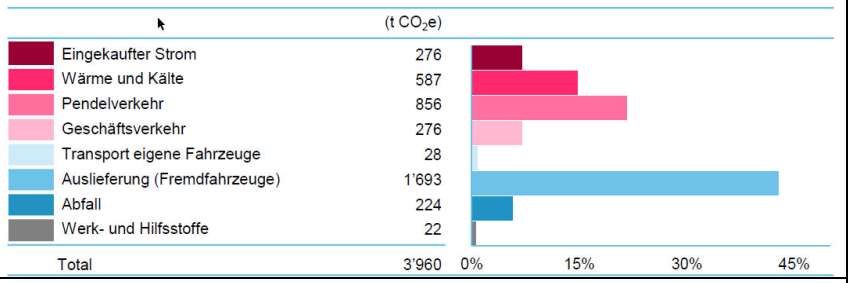
## 3. Action plan

### 3.1 Scope 1

Definition: all direct emissions from our own or controlled sources, such as business travel in company cars or the combustion of fuels to generate heat.

Our production operations are carbon-neutral. This is principle that we follow:
avoid – reduce – offset.

- *Avoid* means choosing processes that release no CO2. For example, we obtain electricity exclusively from renewable sources.
- *Reduce* means designing and modifying processes so that they release less CO2, for example by means of energy efficiency measures.
- Where emissions cannot be avoided or reduced, we take measures within the Chocolats Halba value chain to *offset* them.

| Activity | Description |
|---|---|
| Survey of the CO2 balance of CHS | CHS calculates the CO2 emissions of its operations every year. The calculations take Scope 1+2 into account and are verified by myclimate.<br>Ex. 2019<br>  |
| Compensation through projects in the own value chain (Insetting) | We compensate for our company's CO2 emissions with our reforestation project in our own value chain. In this project, precious woods are planted in and around the cocoa plots of cocoa farmers at the Aprosacao cooperative in Honduras. (For more detailed information on the project, see Annex 1). |
| Heat and energy production at the production site | At the production site, heat and electricity are produced with renewable energies and additional energy is saved through efficient heat recovery. As of 2020, 94% of the energy comes from renewable sources (wood chips and solar panels). The remaining 6% is a |

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| | bio/natural gas mix for the roasting process of peanuts and to cover peak loads in heat consumption. The goal is to obtain pure biogas by 2025. |
| Increasing the efficiency of production processes | Operational processes are continuously analysed and improved. In 2020, a short pinch analysis was carried out with the aim of identifying potential for further efficiency improvements. Based on this, a detailed pinch analysis is now being carried out, from which concrete measures will be derived. |
| Waste reduction | CHS aims to increase the resource efficiency of the materials and raw materials used in its operations. Specifically, CHS aims to reduce the amount of organic waste per tonne of food produced by 30% and the amount of inorganic waste by 15%. |
| Sustainable packaging materials | CHS aims to implement measures to increase the environmental sustainability and reduce the carbon footprint of packaging materials. By 2025, the volume of packaging used (in kg/t production volume) is to be reduced by 25%. |
| Transports | Transports are carried out by rail, ship or truck. Air transport is avoided as far as possible. |
| Circular economy | CHS ensures that all materials and raw materials used are recycled. By 2025, the cycle of at least one raw material is to be completely returned to the company's own production process. |

### 3.2 Scope 2

Definition: all indirect emissions from the production of purchased energy consumed by the company, for example from burning coal to generate electricity. If renewable energies are used to produce electricity, for example, no emissions are reported here.

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| 100% of the electricity we purchase comes from renewable energies. |

| **Activity** | **Description** |
|---|---|
| External electricity from renewable energies | 100% of the purchased energy comes from renewable energy sources. Since 2011, we have purchased 100% of our electricity from hydropower plants. |

### 3.3 Scope 3

Definition: all other indirect emissions arising from the production of raw materials, products or services used by the company and from business travel in vehicles not owned by the company.

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| Our suppliers should take their responsibility for climate protection seriously and in the longer term if possible we only want to work with suppliers who have CO2 reduction targets. |

| Activity | Description |
|---|---|
| Expansion of CO2-neutral products | The proportion of CO2 neutral products sold is to be constantly increased. To achieve this, the CHS sales team actively approaches our customers. |
| Sustainable Procurement Guideline | In the policy, which is signed by all suppliers, we draw attention to the fact that we prefer to work with partners who have set themselves CO2 emission reduction targets. |
| Adjustment of selection criteria for new suppliers | The procurement policy is to be revised this year (2021). The existence of a CO2 reduction strategy is to play a greater role as a selection criterion. |
| Supplier engagement | Suppliers who are responsible for at least 2/3 of the CO2 emissions in Scope 3 should be motivated to join the SBTi within 5 years. |

### 3.4 Verification and continuous progress

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| We ensure that our plan is implemented and our activities are continuously improved in order to achieve the objectives we have set ourselves. |

| Activity | Description |
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| Annual balancing of CO2 emissions | The CO2 emissions of our company are calculated annually by an external agency (myclimate). This enables us to check whether our measures are effective and where activities may still need to be improved. |
| Internal review of CHS resource consumption | Resource consumption (energy, packaging materials, waste, etc.) is reviewed internally and compared with the annual reduction targets. We use internal Coop software (SoFi) for this purpose. |
| Controlling of the sold CO2 neutral products (CNP) | The number of CNP sold is collected annually. |
| Continuous progress | Based on the monitoring and the lessons learned, we continuously check how the action plan can be improved and expanded. |

Annex 1: Offsetting projects

Insetting projects

We offset CO2 operating emissions and the emissions of products labelled "Carbon Neutral Product" within the Chocolats Halba value chain with reforestation projects in Honduras and Peru. Four trees need to be planted to offset the equivalent of one tonne of CO2. Since 2011 we have planted 389,145 trees: around 133 per day. GPS tracking enables every one of them to be located. At the beginning of 2019, we launched a new reforestation project in Ghana and in Ecuador, where cocoa farming in a dynamic agroforestry environment is being combined with gold standard carbon offsetting for the first time anywhere in the world. The gold standard is the most stringent standard for climate protection projects. Within this project, our parent company Coop will offset 120,000 tonnes of CO2 from business flights, air freight and home deliveries over the next five years.

Reforestation project in Honduras

To offset our CO2 operating emissions, we are running a reforestation project in the buffer zone of the Patuca National Park together with our partner cooperative APROSACAO and the French company PUR Projet. We have planted 261,299 trees there since 2011. The farmers plant the offsetting trees within their cocoa plots, where they provide shade and act as water reservoirs – with positive effects on cocoa productivity. The farmers benefit from higher yields, and also from additional revenue for planting the trees and caring for them. And the trees act as a retirement pension: after 25 years or so, they can be felled and sold. Regular training within this FSC-certified project ensures that the forest is managed sustainably. It is certified in accordance with the gold standard.

Reforestation project in Peru

Greenhouse gas emissions are caused not only by our production processes, but also by the manufacture of raw materials, by deliveries, and by end consumers. Our customers have the option of labelling their chocolate carbon-neutral: we calculate the complete carbon footprint of the chocolate with the support of the myclimate foundation, based on figures from our sustainability monitoring programme and also external data (lifecycle assessments of cocoa farming and milk production). We offset emissions within our own value chain in Peru. Together with partner cooperative ACOPAGRO and the French company PUR Projet, we are conducting a reforestation project in San Martín, northern Peru, under which we have planted 73,657 trees since 2011. As in Honduras, the Peruvian ACOPAGRO cocoa farmers plant most of the offsetting trees in and around their cocoa plots, where they act as an additional source of income. The cooperative has been FSC-certified since the end of 2018, and the project is certified in accordance with the recognized Verified Carbon Standard (VCS).