



Great Taste **Doing Good**



Cacao-Trace

The Puratos Sustainable
Cocoa Program &
Verification Standard

English - Version 7.0
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PURATOS IN BRIEF

Puratos is an international group, which offers a full range of innovative products and application expertise for artisans, industry, retailers, and food service customers in the bakery, patisserie, and chocolate sectors. Our headquarters are located on the outskirts of Brussels, Belgium, where the company was founded in 1919.

Why have a sustainable cocoa sourcing program?

As a global manufacturer of real chocolate, as well as compound chocolate and fillings, cocoa ingredients are strategic raw materials for our factories all over the world. For over three decades, we've perfected delicious chocolates and cocoa-based products with brands, Belcolade, Carat, and Chocolanté.

In the last twenty years, concerns of farmer poverty, profit imbalances, deforestation, child labor, poor working conditions, and gender inequality have tainted the chocolate industry. To ensure chocolate remains a joy, addressing these issues is crucial.

That's why we created Cacao-Trace, our Sustainable Cocoa Program. Cacao-Trace is raising the bar for chocolate, by focusing on great taste. This begins with our local post-harvest centers, where experts are setting new standards for the fermentation process. The great taste of our chocolate made possible by Cacao-Trace, benefits all of us. In particular, the cocoa farmers, who receive an extra Chocolate Bonus for every kilo of chocolate sold. The proof of the program is in the taste, and in the improved quality of life for our cocoa farmers. Cacao-Trace is powered by passionate communities in five cocoa regions, by Puratos, and by thousands of chocolate lovers worldwide. We are all united by the belief that creating better chocolate together is the only way to sustainability. Great Taste, Doing good.



Bernardita Ancero, Sawata, Phillippines

"It's really life changing. Our everyday life has been better because of Cacao-Trace. I've sent my grandchildren to school.

I have helped my children produce their own cacao."

BECOMING FAMILIAR WITH THE CACAO-TRACE STANDARD

Cacao-Trace stands for superior tasting, sustainable chocolate. Fermentation is at the heart of the Cacao-Trace approach and is the foundation upon which we create a positive impact. In each Cacao-Trace growing region we share our know-how on fermentation, which is a result of extensive research and fine-tuning, in order to develop exceptional tasting chocolate. Chocolate producers and consumers alike can rest assured that Cacao-Trace stands for outstanding flavor, quality, and transparent sourcing from sustainable cocoa beans. By adopting a continuous improvement approach, Cacao-Trace directly answers the needs of cocoa producing communities to enable them to obtain the highest possible income and to manage their plantations with greater autonomy.

The Cacao-Trace Standard is a sustainability standard, a set of criteria defining practices which cover seven (7) different principles against which each Cacao-Trace Entity is verified. This document provides a monitoring and evaluation framework, in order to drive sustainable improvements in our Cacao-Trace grower communities.

REFERENCES

The document follows internationally recognized standards and conventions, particularly those of the International Labour Organization (ILO) and International Standard Organization (ISO). When standard requirements are higher than ILO, or not covered, then the national legislation in the countries where Cacao-Trace is implemented is applied.

WHAT ARE CACAO-TRACE BEANS?

Cacao-Trace verified dry beans are the basis of every Cacao-Trace chocolate product. The beans must exclusively come from the Cacao-Trace supply chain and respect segregation, as defined by the standard described within this document. Fermentation and processing of the beans follow strict steps to enhance and preserve exceptional flavor and ensure consistent high quality.

HOW SHOULD YOU READ THE STANDARD?

The current Cacao-Trace Standard defines the Requirements to produce Cacao-Trace verified dry cocoa beans.¹ The Requirements are grouped into seven principles and guide the best practices of sustainable cocoa production, from cocoa pod production to the storage of packed dry cocoa beans. Each level of the supply chain is audited according to these principles, in order to assess their compliance.

Cacao -Trace Standard is applied at 3 levels.

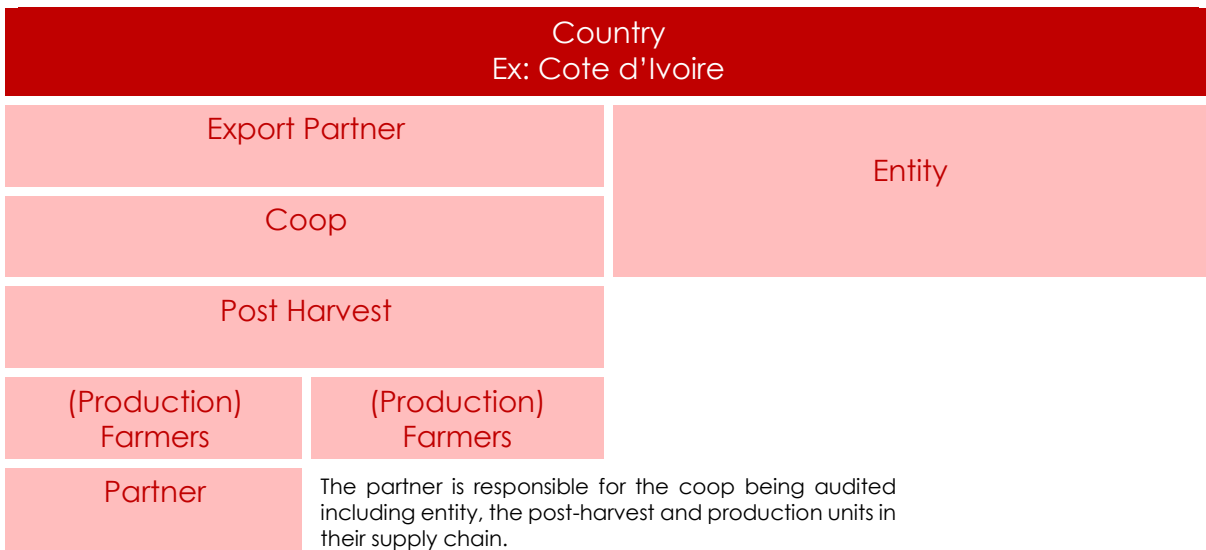
Depending on the context, the organization of the supply chain can vary. Puratos has identified three main levels:

Level	Definition
Entity	A business unit that oversees the organization and management of implementing the Cacao-Trace Standard. The business unit can be Puratos headquarters or any of its subsidiaries or chosen external partners. If responsibility for one supply chain is shared between more than one unit, the Internal Management Committee (IMC) should include representatives from all respective units.
Post-Harvest Unit	A unit where the cocoa post-harvest process (from the pods /wet beans to the dry beans) takes place. This unit can either be a large to medium scale processing unit or a small-scale collector and fermenter.
Production Unit	A unit that is growing Theobroma trees and producing cocoa pods. In some countries, Production Units can also take over the Post-Harvest process at the same level. In this case, they deliver dry beans to Puratos or an affiliated partner in the Cacao-Trace supply chain.

Shared responsibility of an Entity:

In some cases, the entity responsibility is shared between a cooperative and an export partner. If this is the case, then together they are considered the entity and they have a shared responsibility.

¹ For semi-finished and finished goods please reference, Cacao-Trace Semi-Finished Goods Manual & Cacao-Trace Story Telling Do's and Don'ts.



The Cacao-Trace Standard has 7 principles

More than 60 parent requirements with sub questions are grouped into 7 principles, which are applied at the 3 levels defined above.

- 1 Legal Responsibility and Management
- 2 Quality and Traceability
- 3 Economic Responsibility
- 4 Social Responsibility
- 5 Health and Safety
- 6 Best Agricultural Practices
- 7 Environmental Responsibility

In each principal section you will find:

- The intent and scope of application
- The Requirements on what will be audited
- Guidance to help interpret these Requirements/criterion

For more details on how each principle is evaluated please refer to the Cacao-Trace Standard Checklists. Depending on the program, not all questions are mandatory. For example, certified Organic programs are not evaluated for fumigation or proper handling of agro-chemicals.

There are 3 different scenarios where the Requirements should be verified:

- Case 1: All the post-harvest processes take place in the Post-Harvest Unit
- Case 2: The post-harvest processes take place in the Production Unit under farmer supervision.
- Case 3: A mix of Case 1 and 2 where the post-harvest processes take place partially at the Production Unit and partially at the Post-Harvest Units.

HOW DOES THE VERIFICATION PROCESS WORK?

Application procedure

Applicants interested in becoming Cacao-Trace verified must contact Puratos directly, for a pre-assessment. The following information must be provided:

- ✓ Name and legal identification of the Entity
- ✓ Contact information of the Entity
- ✓ Name and location of the Post-Harvest Units
- ✓ Locations and areas of the Production Units
- ✓ Production and processing capacity
- ✓ Number of working personnel

Once the pre-assessment is validated by Puratos, a due diligence process will be conducted on the supply chain (including third parties and subcontractors) before the legal Entity can enter the cycle of evaluation.

Due diligence

The due diligence process consists of the following:

- Assessment of environment, biodiversity and social risks within the areas of operations using publicly available tools such as:
 - Global Forest Watch - <https://www.globalforestwatch.org/> ;

- World Resource Institute (WRI) Aqueduct / Water Risk Atlas: <http://www.wri.org/applications/maps/aqueduct-atlas/>;
 - International Finance Corporation (IFC) - GMAP: <https://gmaptool.org>;
 - FAO Global Soil Organic Carbon : <http://www.fao.org/global-soil-partnership/pillars-action/4-information-and-data/global-soil-organic-carbon-gsoc-map/en/>;
- Review farmer data and mapping
 - Blank audit conducted by the Puratos team using the Cacao-Trace standard checklist.
 - Alignment on the Context Assessment/ self-assessment filled out by the entity which is implemented in the checklist and Roadmap with the implementing entity shared to the third party (Verification Body). The Context Assessment is the evaluation of each point of the principles by the entity. This document must always be up to date to demonstrate the entity progress.
 - Reserve the right to engage third party for due diligence purposes.

Requirements

All existing and potential entities should sign and adhere to The Puratos Supplier Code of Conduct.

All entities must have transparent farmer lists and data available.

Cycle of evaluation

For a supply chain to be verified as Cacao-Trace, Applicants must be able to demonstrate compliance with the minimum requirements of the Cacao-Trace Standard, through an independent assessment by a Verification Body approved by Puratos.

The Verification Body (VB) must be approved by Puratos and be accredited to EN45011 / ISO/IEC Guide 65:1996 (General Requirements for Bodies Operating Product Certification Systems) as well as ISO 17065 (Requirements for bodies certifying products, processes and services). Only accreditation issued by an Accreditation Body who is a Member of the International Accreditation Forum, makes a VB a candidate for this standard as well (proxy accreditation).

The chosen Verification Body will draw up a contract between the Applicant and the Verification Body, detailing the necessary Requirements and commitments from the Applicant in order to comply with the Cacao-Trace audit.

There will be a three-year verification cycle including an initial verification audit, surveillance audits in the following two years, and a re-verification audit in the fourth year prior to expiration of the verification statement. In order to maintain compliance, the frequency of each audit will depend on the level of performance from each program. For more information refer to tiers of compliance on page 19.

Audit	Definition
<p>First year: Initial verification audit</p>	<p>Should be carried out for first-time verification.</p> <p>Scope: Covers the three levels, Entity, Post-Harvest and Production Units, by following the defined sampling procedure.</p> <p>Purpose: To verify compliance with the Requirements.</p>
<p>Second and third year: Surveillance audits</p>	<p>Should include 1 audit per year with a frequency of every 12 months depending on the level compliance of the previous year.</p> <p>Basic compliance: Re-audit in 1 year</p> <p>Intermediate compliance: Re-audit in 1 year</p> <p>Full compliance: If full compliance was achieved in year 1 or 2 than in the following year the entity must submit a revised context and roadmap to Puratos for sign off. External audit conducted again either in 2 years or in the 4th year for recertification.</p> <p>Scope: Covers the three levels, Entity, Post-Harvest and Production Units. For Production Units, the necessary sample size is calculated as half the sample size of Production Units.</p> <p>Purpose: To ensure the continuing implementation of the Requirements.</p> <p>Noncompliance: Corrective actions must be completed within 60 days, or the Entity loses its verification</p>
<p>Fourth year: Re-Verification audit</p>	<p>Should be carried out after 3 years of verification, a maximum of 90 days before the expiry date of the verification statement.</p> <p>Scope: Covers the whole system (from the farm to the Processing and Production Units) and supporting documentations: Full sample size of Production Unit applies.</p>

Purpose: To evaluate the continuous fulfilment of and improvements relating to the Requirements.

Noncompliance: Corrective actions must be completed within 60 days, or the Entity loses its status.

Program expansion

In the case that the farmer group (Production-Unit) has grown by more than 10% (through new additions), then the sampling method used in the initial verification audit will be applied.

Data compliance

Data and digital transparency are required for Cacao-Trace compliance. All audits as of Version 7 will include elements of data integrity within the audit process concerning some points in the different principles on the checklist which are:

- 2.2.1: Data collection
- 4.3: No child labor
- 7.2: No deforestation

The Auditor must meticulously review the data collected focusing on these points. Notably, issues concerning child labour and deforestation are particularly sensitive. While evidence of deforestation can be verified using physical and digital evidence provided by the entity, assessing child labour requires astute observation of the Auditor. The Auditor must cross check the entities monitoring data with on the ground observations to ensure compliance and traceability of data throughout the production chain. Data sample will be taken to crosscheck compliance with certain criteria. This requires the auditor to review the digital mapping system together with the entity, against the sample of farmers. We can cite 3 examples of context where data integrity applies:

- 1 Verification of farmer data, a variance of 5% is permitted and outside this range it is considered as non-compliant.
- 2 Verification of no child labour both in the Production Unit and referencing the data linked to the farmer code in the Entity's monitoring data base.
- 3 Verification of no deforestation both in the Production Unit and cross checked in the Entity's data base against historic satellite data.

In short, data integrity refers to the consistency of data collected throughout the chain (Production Unit - Post Harvest - Entity). Ensuring data integrity is paramount for compliance with Cacao Trace standards.

Sampling Procedure

The square root of Production Unit's size is considered as follows.

Cacao-Trace targets farmers who make their living from Cacao. Thus, very small farmers are categorized for the purpose of selecting a sample. The sample size will be determined based either on the number of trees (if no concrete sales records exist or on the volume (dry bean equivalent sourced). Only one of the methods can be applied. The square root of a Production Unit's size is therefore considered as follows:

Method 1 Dry bean equivalent

Dry bean equivalent should be used if there are actual records available from the previous year.

Average volume of dry bean produced per year per farm must be calculated. Based on the average, we make two categories: small and big farms. The farms below the average will be considered as small and the ones greater than the average will be considered as big.

Production units will be divided into two categories: small (< average dry bean kg per year per farm) and big (> average dry bean kg per year per farm). The sample will be created by taking the square root of the total. This number will then be applied to the ratio of the small/big farms versus the total, with only ½ the square root being applied to the small ratio.

Example: Considering that the average per year per farm is 1000 kg

The total number of farmers is 400. From this, 100 farmers have > 1000kg of dry bean equivalent per year and 300 have < 1000 kg of dry bean equivalent per year. The square root of the total number of farmers (400) is 20. In this case for the big farms $(100/400) * 20 = 5$ farms will be verified. For small farms $(300/400) * (20/2) = 7.5$ farms will be verified.

Method 2: Tree count

Tree count should only be used if there are no records of actual dry bean equivalent volumes delivered from the previous year.

Average number of trees per farmer must first be calculated. Based on the average, we make two categories: small and big farms. The farms below the average will be considered as small and the ones greater than the average will be considered as big.

Production units will then be divided into two categories: small (< average trees) and big (> average trees). The sample will be created by taking the square root of the total. This number will then be applied to the ratio of the small/big farms versus the total, with only ½ the square root being applied to the small ratio.

Example: Considering that the average trees per farm is 1000 trees

The total number of farmers is 400. From this, 100 farmers have > 1000 trees and 300 have < 1000 trees. The square root of the total number of farmers (400) is 20. In this case, for the big farms $100/400 \times 20 = 5$ farms will be verified. For small farms $(300/400) \times (20/2) = 7.5$ farms will be verified.

The square root of Post-harvest Unit's size is considered as follows:

Sample size = square root (total number of Post-Harvest Units)

The Auditor ensures the representativeness of sampling in their selection of Post-Harvest Units to visit (volume produced, number of workers etc.).

The Entity

For the Entity, the square root is not applicable. Any structure below the entity should be audited.

The surveillance audits

If 10% or more of the initial number of farms are added during the 2- or 3-year cycle, the verification body must perform a verification as per an initial audit.

If the number of additional farmers is fewer than 10% of the initial total verified farmer base, a surveillance audit, which consists of 50% of the sample size (following the sampling protocol as defined above) of the Production Units applies.

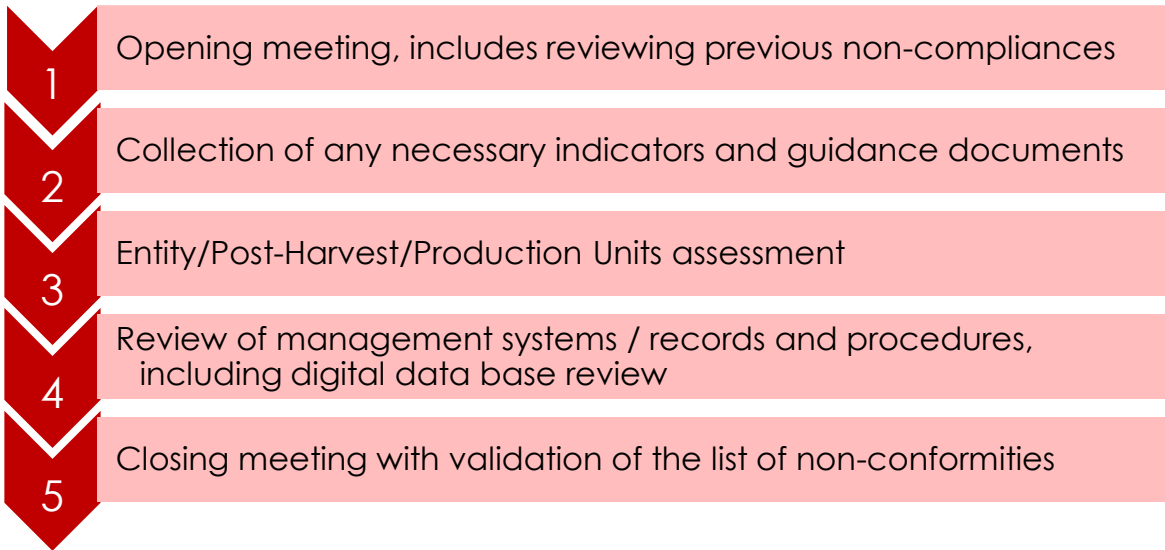
Re-certification audits are carried out as per the initial audit, every 4 years. The sample should include 50% of all the production units that were evaluated during the 1st evaluation. This is to verify the improvement from the previous evaluation cycle.

Duration of Evaluation

The Verification Body must also ensure that the duration of each audit is "reasonable and realistic" without excessive constraints on the Auditor or Auditee.

The audit duration may also depend on several factors, but in all cases should be enough to ensure that a full evaluation against all requirements is achieved.

A complete audit will consist of five elements:



A representative of Puratos must take part in the opening and closing meetings, either in person or remotely. Puratos will share challenges and progress in the annual sustainability report. An audit cannot be marked as complete if there are any red flags which have not been resolved.

ASSESSMENT OF COMPLIANCE

Scoring system and continuous improvement

A detailed scoring system provides guidance for the auditor on how to score each Requirement as follows:

Each principle is divided into sub requirements, each sub requirement have categories of criteria (refer to the table below).

Level	#Obligatory Criteria	Essential Criteria	Important Criteria	Continued Improvement
Entity	9	30	38	10
Post Harvest	3	24	21	3
Production Unit	3	6	29	6
Total	15	60	88	19

In some circumstances, questions are not applicable and are therefore not mandatory. In cases where the question is not applicable, it will not impact the overall result.

Requirements

Each principle is evaluated on sub-requirements assessed via a checklist of questions requiring Yes or No answers.

Rating	Status	Explanations
0	Need for implementation	The Requirement is not met
1	Satisfactory	Requirement is implemented with enough evidence of its implementation

Auditor Guidance

Version 7 now includes auditor guidance to clarify the evidence and procedure to check compliance of each requirement. This guidance is available in the checklists document and auditor guidelines.

Different tiers of compliance with the Cacao-Trace Standard

Cacao-Trace is a demanding standard with two main aims: to provide customers with high quality chocolate, and to give each cocoa producing community the opportunity to take part in an improvement process, following the seven principles of the Cacao-Trace Standard.

To ensure consistent quality of the products, and to demonstrate that the supply chain is involved in a process of continuous improvement, we require a minimum threshold of compliance with the Requirements for Units to be verified as meeting the Cacao-Trace Standard.

Verification will be awarded as per the following:

Compliance	Definition
No Compliance	<p>If "NO" on one of Obligatory Criteria (15 criteria) it results in DOES NOT PASS.</p> <p>Decision to keep or not in the program will be taken at the level of Puratos and a new audit scheduled within 6 months.</p>
Basic Compliance	<p>If "YES" on the obligatory criteria (15 criteria) but "NO" or one or more of the Essential Criteria (60)</p> <p>Re-audit in 1 year</p>

Intermediary Compliance	<p>If "YES" on the obligatory criteria (16 criteria) AND Essential criteria, but 20 or more NCs on Important criteria at entity level + Post harvest level</p> <p>Re-audit in 1 year</p>
Full Compliance	<p>If " YES" on the obligatory criteria and 19 or less NCs on Essential criteria at entity level + Post harvest level. If full compliance was achieved in year 1 or 2 than in the following year the entity must submit a revised context and roadmap to Puratos for sign off. External audit conducted again either in 2 years or in the 4th year for recertification.</p>

The context of each country can vary greatly, and implementation of the Cacao-Trace Standard must be adapted to these unique situations. Nevertheless, as continuous improvement is the cornerstone of the Cacao-Trace process, each Entity should follow the guidelines and recommendations below:

- It is highly recommended for the Entity to increase its tier of compliance. The improvement objectives should be determined jointly by Puratos, and the Entity concerned.
- When an entity meets Full Compliance, they submit the content assessment and roadmap within the month of the anniversary date² verified and signed off from Puratos within 3 weeks or the certificate is considered invalid. External audit conducted again either in 2 years or in the 4th year for recertification. All Entities regardless of their previous year's compliance are required to undergo an external audit at the end of the 3-year cycle.

Non-compliances

There are two categories of non-compliances:

- scoring a 0 on a question which is NOT obligatory criteria
- scoring a 0 question which IS obligatory criteria = **a red flag.**

Non-compliances, which are not listed as obligatory criteria, identified during an external audit must be taken care by the Verification Body (VB) as follow:

1. Any NC identified during the external audit shall always be reported in a written document signed by the Entity, Puratos and the verification body.

² Anniversary date: The due date of verification of the entity

The entity shall submit to Puratos a proposed corrective action plan report related to the noncompliance identified following the closure of the audit.

PAYING ATTENTION TO RED FLAGS

Demonstrating respect for some basic criteria is necessary to be Cacao-Trace verified. In addition to the monitoring systems required by the standard, a red flag system has been developed at the Puratos level.

If obligatory criteria are not met (score 0), it constitutes a Red flag. Red flags are a list of sensitive points that the Cacao-Trace Standard takes into serious consideration applied at 3 levels: Entity, Post Harvest and Production Unit. Close monitoring is required with respect to the following points:

Red flags concern the following 7 Requirements:

- Internal Management Committee
- Legal compliance activities
- Collaboration agreement
- No child labor.
- No forced labor
- Wage and benefit
- No deforestation

Principles	Entity	Post Harvest	Production Unit
1. 1.1 Internal Management committee			
2. 1.4 Legal Compliance			
3. 3.5 Collaboration Agreement			
4. 4.3 No child labor			
5. 4.5 No forced labor			
6. 4.9 Wage and benefit			
7. 7.2 No deforestation			

In case of non-compliance with the requirements classed as obligatory, this is immediately highlighted by the audit system and, a detailed explanation of the context should be given by the Auditor, as a basis for an analysis.

Puratos takes red flags into serious consideration and sees them not only as an individual issue but as a representation of a potentially more extensive problem. For this reason, if a red flag is identified, there will be clear actions taken in response to the findings to improve the overall supply chain.

Depending on the severity of the situation, Puratos can decide to:

- Expand the scope of the audit for this Entity, by increasing the sample size.
- Define special corrective actions.
- Exclude individuals from the program.
- Halt the verification process with the Entity, in which case the cocoa beans would not be verified as Cacao-Trace

Red flags can arise during an audit and can be resolved if proper evidence is provided within 60 days. **If a red flag remains open an entity cannot receive their certificate.**

Red Flag reporting process and corrective actions

1. Any Red Flags identified during the external audit shall always be reported in a written document signed by the Entity, Puratos and the verification body.
2. The audit team is responsible for identifying and describing the Red Flags identified during the audit without personal judgement and in accordance with applicable requirements.
3. The certifier or expert in the Cacao-Trace program of a Verification Body is responsible for verifying any Red Flag and shall adjust, if necessary, based on the information provided by the audit team. This can be done no later than 60 days after the last day of the audit.
4. If an auditor makes any modifications to the Red Flags, linked to new evidence provided, this shall be notified to members of Puratos and the Entity management.

After verifying the evidence of corrective actions, a report on the audit results is made by the VB and signed by all parties: the Entity, the VB and Puratos.

When the Entity has passed the Cacao-Trace audit, the Verification Letter will be issued within 15 working days after the audit date.

As we embrace digital tools, our capacity for daily monitoring of our program compliance grows. Despite progress, challenges persist regarding child labor and deforestation, with the acknowledgment that incidents may arise. Cacao-Trace is an approach of continuous improvement, fostering collaboration with communities and suppliers to find solutions and remediate issues identified on the ground.

Deforestation red flags: if ~1% leakage between 2014 and 2020, this should be addressed through a remediation plan, new planting to compensate the forest loss. No % of variance is permitted after December 31st, 2020, and will lead to exclusion from the program.

The use of digital tools such as Global Forest Watch <https://www.globalforestwatch.org/> will be useful to respond to these 2 criteria since it will generate a variation of the data measured by the entity and the verification body to verify their compliance.

When the VB identifies any of child labor or deforestation on the Production Unit

Child labor red flags

Unacceptable forms of child labor are prohibited in the Cacao-Trace sustainability standard. The reality is that no one can guarantee 0% child labor within their supply chain, nor within a sustainable program which is a confronting reality.

In the case where child labor is identified in the sample, either linked to data integrity or the on-site audit, the case must have a remediation plan in place or proposed, in order to resolve the red flag and to pass the audit.

For more details on Puratos Child Labor Remediation and Monitoring policy please refer to the annual report and cocoa sourcing policy, available at <https://www.puratos.com/commitments/next-generation/better-planet/responsible-sourcing#Cocoa>

Preliminary stage of new Cacao-Trace programs

In the case of new country programs being opened, the initial year will be considered as a preliminary stage, with the status of the Entity classed as “in transition”. This status was created to allow a new Entity (and its supply chain) to be part of the Cacao-Trace system whilst it works towards reaching the minimum Requirements of the “final verification” i.e. (Basic Compliance) within the first 12 months.

Each new program is carefully selected to be part of Cacao-Trace and must be found to meet the Requirements through internal inspection. Given the high caliber of programs selected for Cacao-Trace, we expect that within one year a Preliminary stage Entity will reach the minimum compliance tier by the time of the official verification.

In order to ensure that the Entity is on the right track, 6 months from the program's launch, an internal audit will be conducted using the Cacao-Trace Standard checklist to track progress and assess the next steps. The official 3rd party verification will take place 1 year after the program's initiation.

During the Transition period, the cocoa produced is considered as Cacao-Trace only if the Applicant reaches basic compliance with the Quality and Traceability

Principle and if no red flags have been detected. The stakeholders should benefit from the program (e.g., through bonuses, training, and technical support). If the compliance in terms of Quality and Traceability falls below basic compliance, the cocoa is sold as conventional cocoa. This Transition period cannot last more than one year.

If the Entity does not pass the official verification after the initial year, they must pass a re-audit within 90 days. If the Entity fails to pass the verification with a sufficient score, the beans will not be considered as Cacao-Trace and will be sold as conventional beans.

Procedure in case of insufficient global score after being verified as complying with the Cacao-Trace Standard

Surveillance or re-verification audit

It is not possible to downgrade from “verified” to “in transition”.

If the Entity fails to reach its verified status within 60 days, either through corrective actions or a reaudit it will no longer be considered as Cacao-Trace verified.

REVIEW PROCESS

Because sustainability is a dynamic process, this standard will be reviewed on a continuous basis and improved and adapted as necessary.

The review committee consists of both internal and external experts who challenge the content in order to ensure that Cacao-Trace remains meaningful and relevant.

For any suggestion or concerns please contact:

cacaotrace-standard@puratos.com

EXPLANATION OF THE REQUIREMENTS

Principle 1 – legal responsibility and management

Purpose: To ensure that the Cacao-Trace program fits with local legislation at Entity, Post-Harvest and Production Unit level.

Internal Management Committee

Guidance:

The Internal Management Committee (IMC) is responsible for the implementation of the Cacao-Trace Standard. Each country should have an IMC. The Entity is responsible for clearly defining roles and responsibilities within the IMC.

The IMC is responsible for conducting a context assessment, which identifies the most relevant needs, and covers the seven principles. From this assessment, an Action Plan and roadmap should be produced and made available to the Auditor. They will use this to crosscheck with the checklist questions, in order to evaluate progress on topics that are difficult to detect or tackle in the short term. For example, questions relating to gender equality, education and environmental protection. Implementation of the standard should be carried out using a clear process and control system, which tracks progress against the defined Action plan and roadmap.

**This Requirement is considered as a red flag applied at the Entity. Any non-compliance (scoring 0 on the checklist) results in a mandatory Action Plan to address the issue.*

1.1 Grievance procedure

Guidance:

Puratos promotes mutual respect and valuing of stakeholders at all levels, community engagement and continuous improvement of Cacao-Trace. Puratos is aware of the complexity of the environment in which we work as well as the diverse realities of different national programs. For this reason, Puratos has created a Grievance Procedure that must be shared at all levels, namely, the Entity, the Post-Harvest Units and the Production Units.

The grievance procedure must be used to report violations of Cacao-Trace policies or codes, illegal activities, exploitation of Cacao-Trace communities or workers, direct employees or third-party supplier and worker, the abusive use of land or natural resources in producing countries.

If the local entity has difficulty sharing this procedure, it should inform the regional manager of Cacao-Trace.

Reference: Cacao-Trace Grievance procedure, English, Version 1.0 –2020

1.2 Property Rights / Ownership

Guidance:

All levels should comply with local and national laws relating to legal rights for land use.

1.3 Legal compliance

Guidance:

All levels should comply with local and national laws relating to business and operating activities.

The evaluation should assess evidence that describes the business and operating activities.

The entity has a policy against corruption and fraud for which a training has been conducted for all employees.

The entity has proof that annual taxes are paid.

**This Requirement is considered as a red flag applied at the Entity. Any non-compliance (failure to comply with the law) will be taken seriously and will require a mandatory follow-up plan.*

Principle 2 – quality & traceability

Purpose: To ensure optimal and consistent quality with assurance of physical traceability, from cocoa pods to dry cocoa beans.

Overview: Quality and traceability of the beans are the basis for ensuring high quality chocolate and good organization and monitoring of the supply chain.

All procedures and guidelines relating to quality are to be approved by Puratos as per the Cacao-Trace Standard. These procedures and guidelines are IP and not available to the public.

The Traceability management system must be approved by Puratos and accompanied by internal audits.

2.1. Quality control

2.1.1. Quality Training

All actors at the 3 levels, Entity, Post Harvest and Production must be trained with the expected quality protocols.

The entity must provide regular training to producers on post-harvest activities (shelling, fermentation, drying, sorting). Producers must be informed of the deadlines to be respected, the modalities, the parameters, the equipment to be used for each post-harvest activity. This training specifies the expected criteria for the beans and the sorting methods to be carried out by the production unit.

2.1.2. Receiving raw material

Guidance:

Depending on the scope of operating activities, the Entity should have procedures to control the receipt of cocoa pods and cocoa wet beans, with clearly recorded definitions of acceptable quality.

The evaluation should verify procedures and their implementation, as well as assess information (i.e., records) that describes the process of receiving raw materials, when auditing the reception zone.

2.1.3. Pod breaking process

Guidance:

To avoid damage and contamination to the beans, pod breaking should be conducted in an appropriate manner. Once a sufficiently large quantity of pods has been harvested, the pods must be broken, and the beans extracted. In order to avoid bean loss due to diseases, it is best to do this straight away or within a couple of days after harvesting.

The evaluation should verify procedures and their implementation, as well as assess information (i.e., records) that describes the pod breaking process and the sorting of the fresh beans (damaged, germinated beans).

2.1.4. Fermentation process

Guidance:

Fermentation of wet beans must be done in accordance with the Cacao-Trace recommended processes.

The evaluation should verify procedures and their implementation, as well as assess information (i.e., records) that describes the fermentation process of the cocoa beans.

2.1.5. Drying process

Guidance:

After fermentation, the cocoa beans must be taken out and immediately spread on adequate surfaces to dry, preferably under direct, natural sunlight, or using validated drying equipment. If the drying is not started immediately, the cocoa beans will continue fermenting and may rot. Good drying is as important as good fermenting. The beans will only develop the desired brown color inside if they are properly dried. While on the drying bed, the beans must be turned several times each day.

The evaluation should verify procedures and their implementation, as well as assess information (i.e., records) that describes the drying process of the cocoa beans.

2.1.6. Machinery usage

Guidance:

The Entity should have procedures for controlling and operating machinery within the facility, to ensure appropriate usage. A maintenance plan is required for all machinery that falls under the responsibility of the Entity. Where necessary, pictograms and/or guidelines must be available for each machine and employees must be trained and authorized to use specific machines.

The evaluation should verify procedures and assess information (i.e., records) that describes the operation of machines and verify correct implementation of procedures within the facility.

2.1.7. Infrastructure and general maintenance

To ensure good quality and food safe raw materials infrastructure should be clean and well maintained to prevent contamination to the food. This includes but is not limited to the general facilities, fermentation area and drying area.

2.1.8. Cleaning, sorting, and packaging process of beans

Guidance:

When the beans are completely dried, they must be sorted to remove foreign matter, flat beans, black beans, moldy beans, small and/or double beans, and beans with insect damage, etc.

Cocoa beans should be packaged in clean jute bags which are sufficiently strong and properly sewn or sealed. The bags must be made of non-toxic materials and have no signs of contamination.

The evaluation should verify procedures along with their implementation and assess information (i.e., records) that describes the cleaning, sorting and packaging of cocoa beans with a visible Cacao-Trace logo.

2.1.9: Receiving dry cocoa beans

Guidance:

The Entity should have procedures to control the receipt of dry cocoa beans, with clear definitions of acceptable and non-acceptable beans.

When auditing the reception zones, the evaluation should verify procedures and their implementation, as well as assess information (i.e., records) that describes the dry cocoa bean receiving process.

2.1.10: Storage conditions

Guidance:

The bagged cocoa beans must be placed in storage sheds that are weatherproof, well aired, dry, free from insects/pests, and away from smoke and other odors that

would contaminate the cocoa. The bags must be kept above ground level and away from walls. The storage areas must always be kept locked and clean.

The evaluation should verify procedures along with their implementation and assess information (i.e., records) that describes the storage conditions of the cocoa beans.

2.1.11 Shipment control

Guidance:

The Entity should have procedures to ensure the appropriate condition of cocoa beans for the whole shipment process (from factory storage to container) in order to avoid any contamination. The container must be clean and odor-free.

The evaluation should verify procedures along with their implementation and assess information (i.e., records) that describes the shipment conditions of the cocoa beans.

2.1.12 Fumigation

Guidance for entities who ship non-organic beans:

Fumigation is a method of avoiding infestations during shipment of the cocoa bags. The Entity should have procedures to monitor fumigation activity during storage and transportation of the cocoa beans.

The evaluation should verify procedures and assess information (i.e., records and certifications) to ensure appropriate use of approved chemicals.

2.1.13: Cocoa bean grading

Guidance:

The grading of cocoa beans differs between countries and regions. Together with Puratos, the Entity will define the grading specifications, following the Cacao-Trace dry bean quality grading format and with respect to cocoa trade associations and national authority specifications.

2.2. Traceability management

2.2.1 Data collection

Guidance:

Data collection is vital to ensure the Traceability of the product and implement corrective actions in case of a problem.

The evaluation should assess evidence that there is a system in place to collect data - collector information, farm information, location, production yield, area, age of the farmer and other relevant qualitative information (gender, school etc....)

Available databases should be cross referenced, and the verification should not be limited to the field assessment.

At the request of Puratos, the Entity is subject to internal audit to ensure that (agricultural) outputs match volumes received by the Entity.

2.2.2 Traceability of the Product

Guidance:

To certify the cocoa as Cacao-Trace, Physical Traceability is crucial for us to be able to follow the volume of pods and/or beans all along the supply chain.

The evaluation should assess the evidence of procedures and their implementation to ensure Physical Traceability via Lot number, from the receipt of the pods until the export of the dried cocoa beans.

2.2.3 Collectors/ Consolidators

Guidance:

Everyone involved in the Cacao-Trace supply chain plays an important role and must follow the correct procedures. In some instances, collectors and consolidators are needed in order to connect dispersed growers to the buyer. The evaluation should assess procedures that monitor compliance with the Cacao-Trace Standard procedures for: 2.1.1 Receiving raw materials, 2.1.3 The pod breaking process, and 2.2.4 Financial flows.

2.2.4 Financial flows

Guidance:

All financial transactions must be controlled and registered, in order to monitor the quantity of beans purchased and to prove that farmers are being paid.

The evaluation should assess evidence that demonstrates implementation of a procedure for receiving the pods and/ or beans and payment to the collector and farmers.

Principle 3 – economic responsibility

Purpose: To ensure responsible pricing for farmers and transparency of information regarding price, quality premium, the Chocolate Bonus program and monitoring of long-term impact.

3.1 Responsible pricing and purchasing activities

Guidance:

To certify the cocoa as Cacao-Trace, the production and selling of cocoa beans must be economically sustainable for farmers.

Responsible pricing is an important focus of the Cacao-Trace Standard. The Entity should be able to justify a clear pricing policy through:

- A clear calculation method
- General Context evaluation (national policy, international price, climatic or political events affecting cocoa)
- Production cost evaluation
- Communication tools to ensure the appropriate transparency of cocoa prices within the supply chain.

Optimal responsible pricing should cover the production costs and be profitable for the farmer.

3.2 Quality premium policy

Guidance:

The quality premium is one differentiator of the Cacao-Trace pricing structure, as Puratos aims to reward the production of high-quality cocoa beans. The amount of the premium is defined for each country according to the supply chain specificities and the different quality levels. The quality premium should positively impact the Cacao-Trace supply chain and gradually help to increase farmers' incomes.

The evaluation should verify that:

- A quality premium, in accordance with the quality of Post-Harvest processes and cocoa bean specifications, is part of the Entity pricing structure
- The quality premium is effectively increasing the purchasing prices of Cacao-Trace beans versus cocoa beans sold on the conventional market.
- The quality premium fairly benefits the supply chain and the farming communities and, where possible, is traceable to the farm gate.
- The quality standard and premium should be approved by Puratos.

3.3 Chocolate Bonus Program

Guidance:

The Chocolate Bonus is a unique Cacao-Trace concept supported by Puratos through its Next Generation Cocoa Foundation. Customers who buy Cacao-Trace chocolate products directly support the long-term sustainability of the chocolate supply. For every kilo of chocolate purchased, Cacao-Trace collects a "Chocolate Bonus" to be paid back to the farming community. Given that the Chocolate Bonus relies on sales of the finished goods, this aspect of the program can take some time to implement. This requirement will only be evaluated once the Chocolate Bonus has been put in place.

The Chocolate Bonus should positively impact the Cacao-Trace supply chain and gradually help to increase farmers' incomes and/or living standards.

Chocolate Bonus should be implemented in all Cacao-Trace sourcing countries. The amount distributed should be in line with the amount of Chocolate Bonus collected from Cacao-Trace product sales.

100% of the Chocolate Bonus collected is redistributed among the first layers of the supply chain at the farming community level, (farmers, collectors, farmer groups, cooperatives) in a fair and transparent way. The guidance on distribution may vary according to each supply chain's specificities (community projects or cash distribution). In the case of a community project the site should be visited and verified that the project was implemented as described.

The evaluation should verify that:

- The Entity has established adequate local guidance on Chocolate Bonus distribution, and this has been approved by Puratos. The local rules of distribution are documented, fair and match the realities of the local supply chain.
- The Entity distributes the collected Chocolate Bonus to Cacao-Trace farmer communities on a yearly basis, in the form of cash and/or projects, according to the defined local guidance.
- The distribution system is audited yearly by an independent third party paid for by Puratos.

3.4 Volumes

Guidance:

The Entity must have a document with the agreed-on volumes and quality to be supplied over the next 12 months to Cacao-Trace.

3.5 Collaboration agreement

Guidance:

The Entity must have a long-term commitment and documented between Puratos.

The evaluation should verify:

A documented annual budget, a long-term plan ~3+ years, sales contracts for the raw materials and/or semi-finished and/or finished goods.

**This Requirement is considered as a red flag applied at the Entity. Any non-compliance (scoring 0 on the checklist) results in a mandatory Action Plan to address the issue.*

Principle 4 – social responsibility

Purpose: To ensure that all levels of the supply chain respect good labor practices and labor laws.

4.1. National & International labor laws

Guidance:

All levels should comply with local and international laws related to labor.

The evaluation should communicate and promote compliance with the labor laws and assess evidence of compliance and implementation at all levels.

*This Requirement is considered as a red flag. Any non-compliance (failure to comply with the law) requires a mandatory Action Plan.

*This Requirement is considered as a red flag applied at the Entity, the Post Harvest and the Production Unit. Any non-compliance (scoring 0 on the checklist) results in a mandatory Action Plan to address the issue.

4.2. Trade Unions

Guidance:

The right of employees and contractors to form associations and bargain collectively with their employer should be respected.

The evaluation should assess evidence that describes the compliance with all the requirements related to union rights, as per the referenced ILO conventions.

References:

- ILO Convention 87 (1948) Freedom of Association and Protection of Right to Organize
- ILO Convention 98 (1949) Right to Organize and Collective Bargaining

4.3. No child labor

Guidance:

The Entity should clearly define the minimum working age of employees according to international and national regulation and communicate this to all levels of the supply chain.

If working children (under 18 years old) are observed in the Production / Post-Harvest Unit, the evaluation should define if it is **acceptable work for a child**, **unacceptable child labor** or the **worst form of child labor**.

- **Acceptable work for a child** is limited to a few hours a week, supervised by responsible adults, to pass on cultural and farming traditions to the youth generations (socializing work), and consist of light and safe tasks that do not compromise school attendance.

- **Unacceptable child labor** is defined as underage (below 15) unsupervised work, and/or underage (below 15) with excessive hours, and/or underage (below 15) which compromises school attendance.
- **Worst form of child labor:** hazardous activities (age inappropriate), exploitation or trafficking.

The evaluation should assess evidence that describes the compliance with all the Requirements as per the referenced ILO conventions relating to child labor.

**This Requirement is considered as a red flag applied at the Entity and the Production Unit. Any non-compliance (scoring 0 on the checklist) results in a mandatory Action Plan to address the issue.*

References:

- ILO Convention 138 (1973) Minimum Age
- Hazardous tasks are defined as per ILO Convention 182, Article 3

4.4. Access to education

Guidance:

The Entity should make sure that children living in Production and Post-Harvest Units have access to education, irrespective of their gender.

The evaluation should assess evidence that describes compliance with all the national requirements relating to access to education.

4.5. No forced labor

Guidance:

The Entity should not allow any type of slavery, debt bondage, trafficking, or other forms of forced labor.

The evaluation should assess evidence that describes compliance with all the Requirements as per the referenced ILO conventions related to forced labor.

**This Requirement is considered as a red flag applied at the Entity, the Post Harvest and the Production Unit. Any non-compliance (scoring 0 on the checklist) results in a mandatory Action Plan to address the issue.*

References:

- ILO Convention 29 (1930) Forced Labor
- ILO Convention 105 (1957) Abolition of Forced Labor

4.6. No discrimination

Guidance:

No discrimination based on race, color, religion, political opinion, nationality, or social origin is accepted.

-Equality opportunity and treatment with respect to employment and occupation must be upheld by the entity.

The evaluation should assess evidence that describe the compliance with all the requirements as per the referenced ILO conventions related to discrimination.

References:

- ILO Convention 100 (1951) Equal Remuneration
- ILO Convention 111 (1958) Discrimination (Employment and Occupation)

4.7. Indigenous people

Guidance:

Indigenous³ people's interests and rights must be taken in consideration any project involving indigenous people must demonstrate community engagement and participation.

The Entity must inform indigenous people of their rights under national law.

- There shall be no imposition upon land, resources, and culture.
- There must be a community representative to liaison with the program team
- Indigenous people must be included in the reflection of the project scope and consequences.

4.8. Gender Equality

Guidance:

The Entity has a policy to prevent, monitor and record any gender discrimination, gender violence and or sexual harassment. The Entity should consider matters such as: training on gender equality, especially on women's rights and gender discrimination, as well as counselling for women affected by violence.

- The policy should be communicated to all stakeholders in the company.
- The evaluation should assess evidence that describes compliance with both national and international standards including ILO conventions relating to women's' rights.

References:

- ILO Convention 111 (1958) Discrimination (Employment and Occupation)

³ Reference: **International Finance Corporation Performance Standard 7** *Indigenous people* covers any of the following "Indigenous ethnic minorities," "aboriginals," "hill tribes," "minority nationalities," "scheduled tribes," "first nations," or "tribal groups."

4.9. Wage and benefit

Guidance:

The Entity should ensure the appropriate wages and benefits for employees, according to local and national laws. The evaluation should assess evidence that describes compliance with local and national laws relating to wages and benefits.

This Requirement is considered as a red flag applied at the Entity and the Post Harvest. Any non-compliance (scoring 0 or 1 on the checklist) results in a mandatory Action Plan to address the issue.

References:

Annexes that define the wages and benefits for employees (different for each country / region)

4.10. Working hours and overtime work

Guidance:

The Entity should ensure the appropriate working hours and overtime work of employees according to local and national laws.

The evaluation should assess evidence that describes compliance with all the local requirements relating to working hours and overtime work.

References:

Annexes that define the working hours and overtime work for employees (different for each country / region).

4.11. Disciplinary practices

Guidance:

The management must treat all personnel with dignity and respect. The management does not engage in corporal punishment, mental or physical coercion, or verbal abuse of personnel. No harsh or inhumane treatment is allowed.

4.12. Third party contractors and service providers

The Entity is responsible for ensuring that any third-party contractors and/ or services providers are engaged in accordance with national OHS/labor requirements.

Principle 5 – health & safety responsibility

Purpose: To ensure safe and healthy production practices and monitor the long-term impact.

5.1. Occupational health and safety

Guidance:

The Entity should carry out context assessments and adopt preventive and protective measures to ensure health and safety with respect to workplaces, machinery, equipment, chemicals, tools and processes. The Entity should ensure dissemination of information, appropriate training, supervision and compliance, including special protection for youth and pregnant/breastfeeding women workers and coverage against occupational injuries and disease.

The evaluation should verify the Occupational Health and Safety procedures and assess related documents.

5.2. Training of employees

Guidance:

All levels should ensure that, through engagement in regular training activities, all their employees are competent in technical and health and safety knowledge.

The evaluation should verify if the Entity has a monitoring system to evaluate training needs (e.g., a visible need for training or through requests from farmers) and to provide adapted support as per the IMC context assessment.

5.3. Basic needs

Guidance:

All levels should ensure that all the basic needs of the employees/sub-contractors, such as access to clean drinking water and sanitation facilities, are met. Access to drinking water can be guaranteed through the purchased of purified water from a qualified company certified by a health entity, or the purification of locally distributed water through a controlled purification system with a quality certificate, or through water purification processes with water boiling processes, as well as municipal drinking water distribution. In case laborers live/sleep in company houses, safe and clean accommodation should be provided, and should not be overcrowded.

The evaluation should verify that employees'/sub-contractors' basic needs are being met.

5.4. Healthcare program

Guidance:

The Entity should ensure that there is at least an annual medical check / healthcare program for the permanent employees. This contributes to supporting the overall working capability of the employees. Basic medical equipment should also be provided for both permanent and temporary the employees.

The evaluation should verify the Healthcare program, along with its implementation, and assess the related documents.

5.5. Protective equipment

Guidance:

All levels should promote appropriate provision and usage of protective equipment for the employees/sub-contractors. The required protective equipment should be defined for each process, as per the context assessment carried out by the IMC.

Principle 6 – agricultural best practices

Purpose: To ensure good practices in cocoa farming (productivity, pest and soil management and plant nutrition), food and farm safety and to monitor adoption of these practices.

6.1. Recording of cultivation activities

Guidance:

A record-keeping system should be established, either at the farm or Entity level, in which all the essential elements of cocoa production are captured. Records should be kept on the types and sources of planting materials, pruning, as well as the usage and types of pesticides and fertilizers.

6.2. Genetic / planting materials

Guidance:

Choice of planting materials and rootstocks should be based on national legislation and characteristics such as high productivity, quality of the bean, consumer acceptability, and resistance to pests and diseases.

If the planting material is not consistent with national regulations, it is important that efforts are made to improve it.

The evaluation of the use of grafting, replanting, the presence of a nursery and the variety of trees should be based on the context assessment.

6.3. Planting density and pattern

Guidance:

Cocoa should be planted in the most suitable pattern and density according to the variety and topography, to ensure high productivity and easy management of the farms.

The evaluation should assess the correct distance between trees and the sun penetration as per the context assessment and as defined by the Entity. The assessment will only consider new plantings.

6.4. Pruning practice

Guidance:

Pruning is the removal of unwanted branches from a cocoa tree. It is an important operation, which can affect yields in both the short and long-term. Insects and diseases multiply more in unpruned cocoa trees with dense canopies, than in trees that have been opened by pruning and display well-aired canopies. Pruning can also stimulate flowering and pod production. Pruning of shade trees and crops which could impact sunlight to the cocoa trees is also encouraged.

The evaluation should assess the structure of the tree (distribution and height of the branches), sun penetration, as well as if the Entity offers training on pruning.

6.5. Soil nutrition management

Guidance:

Soil nutrition is the basis of all agricultural production; the conservation and improvement of this valuable resource is essential. Good soil husbandry ensures the long-term fertility of soil, boosts yield and contributes to profitability.

The evaluation should assess records that describe the fertilizing activities and/or composting on the farm, as well as if the Entity offers training on soil nutrition.

6.6. Pest control and Integrated Pest Management (IPM) methods

Guidance:

There should be procedures for pest control techniques, which provide advice and information on types and frequency of pests (and diseases). Adoption of Integrated Pest Management (IPM) regimes should be encouraged in order to minimize the use of chemicals and promote the use of biological control wherever possible.

The evaluation should assess evidence of training material and or the application of appropriate pest control and IPM procedures displayed at farm level.

6.7. Authorized Agrochemical products

Guidance:

The Entity and Post-Harvested Unit should ensure that the information on authorized agro-chemical products is communicated to farmers and there is no use of prohibited pesticides during cocoa cultivation activity.

The evaluation should assess:

-The evidence that describes the control and prevention of using prohibited pesticides.

-Whether farmers have a list of authorized products and documented procedures on correct application, as well as demonstrating correct usage.

-should follow FAO/WHO Guidelines for Highly Hazardous Pesticides

References:

- World Health Organization (Agrochemicals type 1A & 1B)
- FAO International Code of Conduct on the Distribution and Use of Pesticides (1985, Revised 2002)
- <https://www.who.int/publications/i/item/9789241510417>
- <https://www.puratos.com/content/dam/corporate/documents/commitments/2024/Puratos%20policy%20-%20sustainable%20sourcing%20of%20cocoa.pdf>

6.8. Handling of Agrochemicals

Guidance:

Agrochemical products can be harmful for both farmers and the environment if they are not used properly. Farmers must implement good practices when handling Agrochemical products and use the necessary equipment correctly.

There should be responsible personnel for handling Agrochemicals and appropriate training (or verification of ability) regarding the handling, mixing, storage, and disposal of Agrochemicals should be provided.

The evaluation should assess evidence that describes the training of responsible personnel and the implementation of good practices.

6.9. Cocoa harvesting

Guidance:

Harvesting can affect seed quality and the sustainability of cocoa production.

The evaluation should assess evidence which describes harvest criteria (how to identify ripe fruit) and how to harvest without damaging the flower pad.

6.10. Integrated farming

Guidance:

Integrated farming improves the resilience of a farm against climate change, pests and diseases and volatility in the agricultural market.

The Entity should encourage integrated farming, which includes but is not limited to, intercropping, agro-forestry models, closed loop farming, family gardens, animal husbandry, aqua farming etc.

Principle 7 – environmental responsibility

Purpose: To protect natural resources and biodiversity by managing environmental risk and monitoring long term impact.

7.1. Environmental regulations and conservation

Guidance:

The levels should comply with local and national laws relating to environmental protection.

The evaluation should assess evidence that proves compliance with applicable environmental regulations.

7.2. No Deforestation

Guidance:

The Entity is responsible for recording and cross-referencing production locations in order to avoid sourcing from protected forests and lands.

There must be no evidence of deforestation of protected and or primary forests since **January 1st, 2014**, as per baseline data.⁴

This must be supported with appropriate documentation of farm locations and land use monitoring.

If deforestation has been identified as minor (less than 1% of the farm area) between 2014 and 2020, a compensation plan must be submitted and put in place before the next audit cycle.

Any deforestation regardless of severity is not accepted after December 31st, 2020, as per EUDR regulation.

*This Requirement is considered as a red flag applied at the Entity, the Post Harvest and the Production Unit. Any non-compliance (failure to comply with the law) will be taken seriously and will require a mandatory follow-up plan.

7.3. Preventing soil erosion

Guidance:

Soil erosion can affect the crop yield and the land and water downstream. The Entity should communicate measures to control/minimize soil erosion through training and/or written content. The communication should be relevant to the context assessment carried out by the IMC.

The evaluation should assess records, schedules, and content of training to support farmers with cultivation techniques that minimize soil erosion.

7.4. Water conservation

Guidance:

The Entity should communicate/ offer training on optimizing water use. Notably, within farms with irrigation, efficient irrigation technologies and water management to minimize wastage and avoid leaching to the surrounding environment should be

⁴ 2014 is the year Cacao-Trace started.

considered. The communication should be relevant to the context assessment carried out by the IMC.

The evaluation should assess records, schedules, and content of training.

7.5. Reduction / recycling

Guidance:

The Entity should have measures in place to reduce waste and effluents that occur during cultivation and processing activities. The recycling of waste must be encouraged.

7.6. Energy saving

Guidance:

The Entity has records of where and how energy is consumed on the facility, throughout their operation activities and immediate supply chain (if the Entity owns the Post-Harvest Unit). Equipment and machinery should be selected and maintained for optimum energy consumption. The use of renewable energy sources and minimization of the use of non-renewable energy sources must be encouraged.

7.7. Conservation & restoration plan

Guidance:

The Entity should promote good practices in managing the landscape and biodiversity of the surrounding environment. Specifically avoid cocoa beans sourcing from natural habitats.

There should be conservation and restoration of natural habitat within the region / country where the cocoa production takes place.

The approach includes assessing potential risks to biodiversity and ecosystems, habitat loss, degradation, and pollution to the environment. The risk should be monitored and evaluated through geo-mapping.

The Entity should encourage the rehabilitation of trees, through communication about the agricultural best practices.

ANNEXES

Annexes will be provided by countries according to Local Legislations (labor law etc.) and Local Specificity (cocoa specification, etc.).

All the required information can also be centralized in one annex file by the Entity and provided to the Auditor at the time of the audit.

Annex 1: definition

- **Accreditation Body:** Organization that provides oversight to Verification Bodies, by assessing them against international voluntary standards such as ISO/IEC 17021. They may be linked to governments and must comply with the International Standard ISO/IEC17011.
- **Action plan:** Detailed steps which have been mapped out in order to improve compliance with the Cacao-Trace Standard.
- **Agro-chemicals:** Various chemical products used in agriculture (e.g., pesticides, herbicides, fungicides, chemical growth agents...)
- **Applicant:** Organization, business or cooperative who expresses an interest in being verified as Cacao-Trace.
- **Auditee:** The Organization being audited.
- **Auditor:** Person that works for or is contracted to a Verification Body (VB) to perform conformity assessments and surveillance. VBs are responsible for ensuring Auditors meet qualification Requirements.
- **Cocoa bean:** Seed of the cocoa tree (*Theobroma Cacao*) [source: ISO 2451:2014, 3.5]
- **Cocoa product:** Product derived from the processing of the cocoa bean, including nibs, cocoa liquor/mass, cocoa butter, cocoa cake and cocoa powder. [source: ISO 34101-3:2018, 3.4]
- **Cocoa supply chain:** Sequence of the stages and operations involved in the movement of cocoa beans and processing of cocoa products, from farm to the point of exit from the factory door of the manufacturer of the final retail product. [source: ISO 34101-3:2018, 3.5]
- **Compliance:** Fulfilment of a requirement [source: ISO 34101-3:2018, 3.7 modified "conformity" has been replaced by "compliance"]
- **Data:** Facts about an objective. [source: ISO 34101-3:2018, 3.9]
- **Integrated Pest Management (IPM):** Effective and environmentally sensitive approach to pest management that relies on a combination of common-sense practices. IPM programs use current, comprehensive information on the life cycles of pests and their interaction with the environment. This information, in combination with available pest control methods, is used to manage pest damage by the most economical means, and with the least possible hazard to people, property, and the environment.
- **Internal Management Committee (IMC):** is responsible for the implementation of the Cacao-Trace Standard. Each country should have an IMC. The Entity is responsible for clearly defining who part of the IMC is for the Cacao-Trace Standard and what their role is. The IMC is responsible for conducting a context assessment, which identifies the most relevant needs, covering the seven principles.
- **Lot:** Set of units of a product which have been produced and/or processed or packaged under similar circumstances. [source: ISO 22005:2007, 3.3]

- **Organization:** Person or group of people that has its own functions with responsibilities, authorities and relationships to achieve its objectives in relation to sustainably production of cocoa beans. [source: ISO 34101-3:2018, 3.19]
- **Process:** set of interrelated or interacting activities which transforms inputs into outputs. [source: ISO 34101-3:2018, 3.20]
- **Producer:** Farmer that cultivates cocoa trees and harvests cocoa pods that are sold to the Entity before or after processing.
- **Product:** Output of an Organization that can be produced without any transaction taking place between the Organization and the customer. [source: ISO 34101-3:2018, 3.21]
- **Requirement:** Required criteria to be fulfilled according to the Cacao-Trace Standard.
- **Segregation:** The process that separates conforming from nonconforming Cacao-Trace cocoa beans and/or cocoa products but allows mixing of conforming cocoa beans and/or cocoa products from different Organizations. [source: ISO 34101-3:2018, 3.22 modified “cocoa beans” has been substituted by “Cacao-Trace cocoa beans”] Segregation principle is required for Cacao-Trace beans.
- **Sub-contractor:** A supply chain actor contracted by an Entity or a Post-Harvest Unit to carry out specific activities.
- **Sustainably Produced Cocoa Beans:** Cocoa beans that are produced in an economically viable, environmentally sound and socially responsible manner, within an Entity. [source: ISO 34101-3:2018, 3.27 modified “Organization has been replaced by “Entity”]
- **Traceability System:** totality of data and operations that can maintain desired information about a product and its components through all or part of its production and/or utilization chain. [source: ISO 34101-3:2018, 3.29]
- **Traceability:** ability to follow the physical movement and/or mass conformity of Sustainably Produced Cacao-Trace Cocoa Beans through specified stage(s) of production, processing and distribution. [source: ISO 34101-3:2018, 3.28 modified “cocoa beans” has been substituted by “Cacao-Trace cocoa beans”]
- **Verification Body (VB):** The Organization providing auditing and verification services- so called conformity assessments - demonstrating that specified requirements relating to a product, process or system are fulfilled.
- **Verification Letter:** An official documentation issued by a Puratos approved Verification Body, when an Entity complies with the requirements of the Cacao-Trace Standard.
- **Production Unit:** refers to the farm where cocoa trees are planted.

Annex B List of criteria with classification:

Obligatory Criteria	Essential Criteria	Important Criteria	Continued Improvement
No Pass	Basic Compliance	Intermediary Compliance	Full Compliance
If "NO" on one of Obligatory Criteria (15 criteria) it is a red and DOES NOT PASS . Decision to keep or not in the program will be taken at the level of Puratos and a new audit scheduled within 6 months.	If "YES" on the obligatory criteria (15 criteria) but "NO" on one or more of the Essential Criteria (60) Re-audit in 1 year	If "YES" on the obligatory criteria (15 criteria) AND Essential criteria , but 20 or more NCs on Important criteria at entity level + Post harvest level. Re-audit in 1 year	If "YES" on the obligatory criteria (15 criteria) AND Essential criteria , but 19 or less NCs on Important and at entity level + Post harvest level, If full compliance was achieved in year 1 or 2 than in the following year the entity must submit a revised context and roadmap to Puratos for sign off. External audit conducted again either in 2 years or in the 4th year for recertification.
Principle	Entity	Post Harvest	Production
Principle 1: Legal Responsibility			
1.1a: Internal Management Committee and context assessment	Applicable	N/A	N/A
1.1b: Internal Management Committee and context assessment	Applicable	N/A	N/A
1.1c: Internal Management Committee and context assessment	Applicable	N/A	N/A
1.2: Grievance procedure	Applicable	Applicable	Applicable
1.3: Property rights/ownership	Applicable	Applicable	Applicable
1.4a: Legal compliance	Applicable	Applicable	N/A

1.4b: Legal compliance	Applicable	N/A	N/A
1.4c: Legal compliance	Applicable	N/A	N/A
Principle 2: Quality and traceability			
2.1.1: Quality training	Applicable	Applicable	Applicable
2.2.a: Raw materials receiving	Applicable	Applicable	N/A
2.1.b: Raw materials receiving	N/A	Applicable	N/A
2.1.c: Raw materials receiving	N/A	Applicable	N/A
2.1.d: Raw materials receiving	N/A	Applicable	N/A
2.1.c: Raw materials receiving	N/A	Applicable	N/A
2.1.d: Raw materials receiving: Dry Bean Buying List	N/A	Applicable	N/A
2.1.e: Raw materials receiving: Dry Bean Buying List	N/A	Applicable	N/A
2.1.f: Raw materials receiving: Dry Bean Buying List	N/A	Applicable	N/A
2.1.3: Pod breaking process	Applicable	Applicable	Applicable
2.1.4: Cocoa fermentation process	Applicable	Applicable	Applicable
2.1.5a: Cocoa drying process	Applicable	Applicable	Applicable
2.1.5b: Cocoa drying process	Applicable	Applicable	Applicable
2.1.6: Machinery usage	Applicable	Applicable	N/A
2.1.7: post harvest Infrastructure maintenance	Applicable	Applicable	N/A

2.1.8: Cleaning, sorting and packaging process	Applicable	Applicable	N/A
2.1.9: Dry beans receiving	Applicable	N/A	N/A
2.1.10a: Storage condition	Applicable	Applicable	N/A
2.1.10b: Storage condition	Applicable	Applicable	N/A
2.1.10c: Storage condition	Applicable	Applicable	N/A
2.1.11: Shipment condition	Applicable	Applicable	N/A
2.1.12: Fumigation	Applicable	Applicable	N/A
2.1.13a: Cocoa beans Grading	Applicable	Applicable	N/A
2.1.13b: Cocoa Bean Grading	Applicable	N/A	N/A
2.2.1a: Data collection	Applicable	Applicable	N/A
2.2.1b: Data collection	Applicable	N/A	N/A
2.2.2: Physical traceability of the products	Applicable	Applicable	N/A
2.2.3a: Collectors/ Consolidators	Applicable	N/A	N/A
2.2.3b: Collectors/ Consolidators	Applicable	N/A	N/A
2.2.3c: Collectors/ Consolidators	Applicable	N/A	N/A
2.2.4: Financial flows	Applicable	Applicable	N/A
Principle 3: Economic Responsibility			
3.1a: Responsible pricing	Applicable	Applicable	Applicable
3.1b: Responsible pricing	Applicable	Applicable	Applicable

3.1c: Responsible pricing	Applicable	N/A	Applicable
3.2a: Quality premium policy	Applicable	Applicable	Applicable
3.2b: Quality premium policy	Applicable	Applicable	Applicable
3.2c: Quality premium policy	N/A	N/A	Applicable
3.3a: Chocolate Bonus	Applicable	N/A	Applicable
3.3b: Chocolate Bonus	Applicable	Applicable	Applicable
3.3c: Chocolate Bonus	Applicable	N/A	Applicable
3.4: Volumes	Applicable	Applicable	N/A
3.5: Collaboration agreement	Applicable	N/A	N/A
Principle 4: Social responsibility			
4.1a: National and international labor laws	Applicable	N/A	Applicable
4.1b: National and international labor laws	Applicable	Applicable	N/A
4.1c: National and international labor laws	Applicable	Applicable	N/A
4.2a: Trade Unions	Applicable	N/A	Applicable
4.2b: Trade Unions	Applicable	N/A	N/A
4.3a: No child labor	Applicable	N/A	Applicable
4.3b: No child labor	Applicable	Applicable	Applicable
4.3c: No child labor	Applicable	N/A	Applicable

4.3d: No child labor	N/A	N/A	Applicable
4.4: Access to education	Applicable	Applicable	Applicable
4.5: No forced labor	Applicable	Applicable	Applicable
4.6: No discriminations	Applicable	N/A	N/A
4.7a: Indigenous people	Applicable	N/A	N/A
4.7b: Indigenous people	Applicable	N/A	Applicable
4.8: Gender equity	Applicable	N/A	N/A
4.9: Wage and benefit	Applicable	Applicable	Applicable
4.10: Working hours and overtime work	Applicable	Applicable	N/A
4.11: Disciplinary practices	Applicable	Applicable	N/A
4.12: Third party contractors and service providers	Applicable	N/A	N/A
Principle 5: Health and safety			
5.1: Occupational Health & Safety	Applicable	Applicable	N/A
5.2: Training of employees	Applicable	Applicable	Applicable
5.3: Basic needs	Applicable	Applicable	Applicable
5.4a: Health care	Applicable	N/A	N/A
5.4a: Health care	Applicable	N/A	N/A
5.5a: Protective equipment	Applicable	N/A	Applicable

5.5b: Protective equipment	Applicable	Applicable	N/A
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Principle 6: Agricultural Best Practices

6.1: Recording of cultivation activities	Applicable	N/A	Applicable
6.2: Farmer Training Plan	Applicable	N/A	N/A
6.3: Genetic / planting materials	Applicable	N/A	Applicable
6.3: Planting density and pattern	Applicable	N/A	Applicable
6.4: Pruning and weeding practice	Applicable	N/A	Applicable
6.5: Soil nutrition management	Applicable	N/A	Applicable
6.6: Pest control and IPM method	Applicable	N/A	Applicable
6.7: Authorized agro-chemicals products	Applicable	Applicable	Applicable
6.8: Handling of agro-chemicals	Applicable	N/A	Applicable
6.9: Cocoa harvesting	Applicable	N/A	Applicable
6.10: Integrated farming	Applicable	N/A	Applicable

Principle 7: Environment

7.1a: Environmental Regulations	Applicable	Applicable	Applicable
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7.1b: Environmental Regulations	Applicable	N/A	N/A
7.2: No Deforestation	Applicable	Applicable	Applicable
7.3: Preventing soil erosion	Applicable	N/A	Applicable
7.4: Water conservation	Applicable	N/A	Applicable
7.5: Reduction / recycling	Applicable	Applicable	N/A
7.6: Energy saving	Applicable	Applicable	N/A
7.7a: Conservation & restoration plan	Applicable	N/A	Applicable
7.7b: Conservation & restoration plan	Applicable	N/A	N/A