SUSTAINABILITY REPORT 2018 2019

LUKER Chocolate®

[102-1]

LUKER CHOCOLATE

SUSTAINABILITY REPORT 2018-2019

[102-53]

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ABOUT THIS REPORT

[102-50]

The document you are about to read is Luker Chocolate's first Sustainability Report and it covers the period of two years: 2018 and 2019[1].

[102-54] [102-46]

This report has been prepared in accordance with the internationally recognised GRI Standards, taking into account the essential activities of our business: sourcing, cocoa cultivation, processing and commercialization.

[102-47]

To write this report we consulted priority stakeholders to identify the issues of greatest importance in their relationship with the organization resulting in 5 strategic pillars under which this report is built:

Luker Chocolate Culture:

We recognize that our people are the backbone of our organization. In this sense the well-being of our employees comes first, and we make sure that our care for each one embodies the values and purpose of our company.

Governance and relations with our partners:

In collaboration with our stakeholders, we consolidated the Luker Chocolate shared value model, deepening the impact generated in the cocoa farming communities with the ambition of becoming a B company.

Our Sourcing Model:

By having direct control of our sourcing, we are in a unique position to guarantee consistency, quality and traceability, while delivering and ensure a positive economic, social and environmental impact.

The Chocolate Dream: Creating shared value in cocoa producing territories

Through our collaborative sustainability plan, we seek to improve the well-being of the communities we work with, implementing triple impact projects tailored to the communities' needs.

Genuinely sustainable innovation throughout our value chain.

We are constantly researching for ways to make our products and services better for consumers, farmers and their communities, and the environment, thus strengthening our business strategy in the long term.

1. It should be noted that some sections of this report are supported in CASALUKER SA content, as some documents are of a cross-cutting nature and because CASALUKER SA is the legal figure of which Luker Chocolate became a part in the organizational change that took place in 2018.

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CONTENT

1. A LETTER FROM OUR CEO

Since 1906, our founders' vision, to contribute to the sustainable development of rural communities in Colombia, has been the driving force of our company's growth. In 1994, this was consolidated by the creation of the Luker Foundation and in 2018 by formally including our purpose and commitment towards creating shared value in the company's statues.

Proudly, we have managed to preserve this company and its values through time, thanks to the commitment and trust of employees and partners who have become part of our family. For us, the passion with which we manufacture each of our products is essential, recognizing the farmers' work and ensuring the highest quality standards.

This Sustainability report documents our progress during the 2018-2019 period. These years have been key to our company's development as we have been able to consolidate Luker Chocolate as Casa Luker's B2B international business, and most importantly, focus on developing our 5 company pillars that su-pport our sustainability strategy.

We are very proud of the progress we have made so far including the creation of more than 300

[102-14]

Luker Chocolate was born as a family business guided by strong values and the purpose to generate well-being through our chocolate.

rural jobs in our own farms, a 10% reduction of our processing carbon footprint and over 1,600 families reached with The Chocolate Dream, our collaborative sustainability plan.

However, we recognize that there is still a long road to cover, particularly in 3 key areas: 1) Enhancing Farmer Income 2) Strengthening of the social
fabric in rural communities and 3) Maintaining environmental balance. That is why as we set our sustainability goals for the future, we are working on building our measurements against the UN's Sustainable Development Goals, focusing particularly in those related

with rural development and the environment. In this sense, we are also advancing with the B Corp Certification process as evidence of our commitment to achieve the top standards of social and environmental performance. Our goal is to complete the certification, including all Casa Luker's business units, by 2022.

You can count on our commitment towards a more sustainable value chain, but it is by working together that we can make a greater difference. Join us to make The Chocolate Dream a reality.

Camilo Romero Restrepo
CEO at Luker Chocolate

"At Luker Chocolate, we work tirelessly to make the world a better place! We believe in the power of shared value to transform lives because we know that cocoa can lead to sustainable development and peace in Colombia. "

Julia Ocampo

Sustainability Director at Luker Chocolate

2. LUKER CHOCOLATE

Beyond sustainability

We are a Colombian family-owned chocolate manufacturer, founded in 1906. Through direct sourcing and a full integration of the value chain from bean to bar, we have developed an in-depth knowledge of Colombian Fine Flavour Cocoas and how to express their uniqueness through a portfolio of exceptional fine chocolates crafted at origin. Luker Chocolate partners with brands and companies around the world who are deeply committed to quality and sustainability, to develop gourmet chocolates and create shared value at origin.

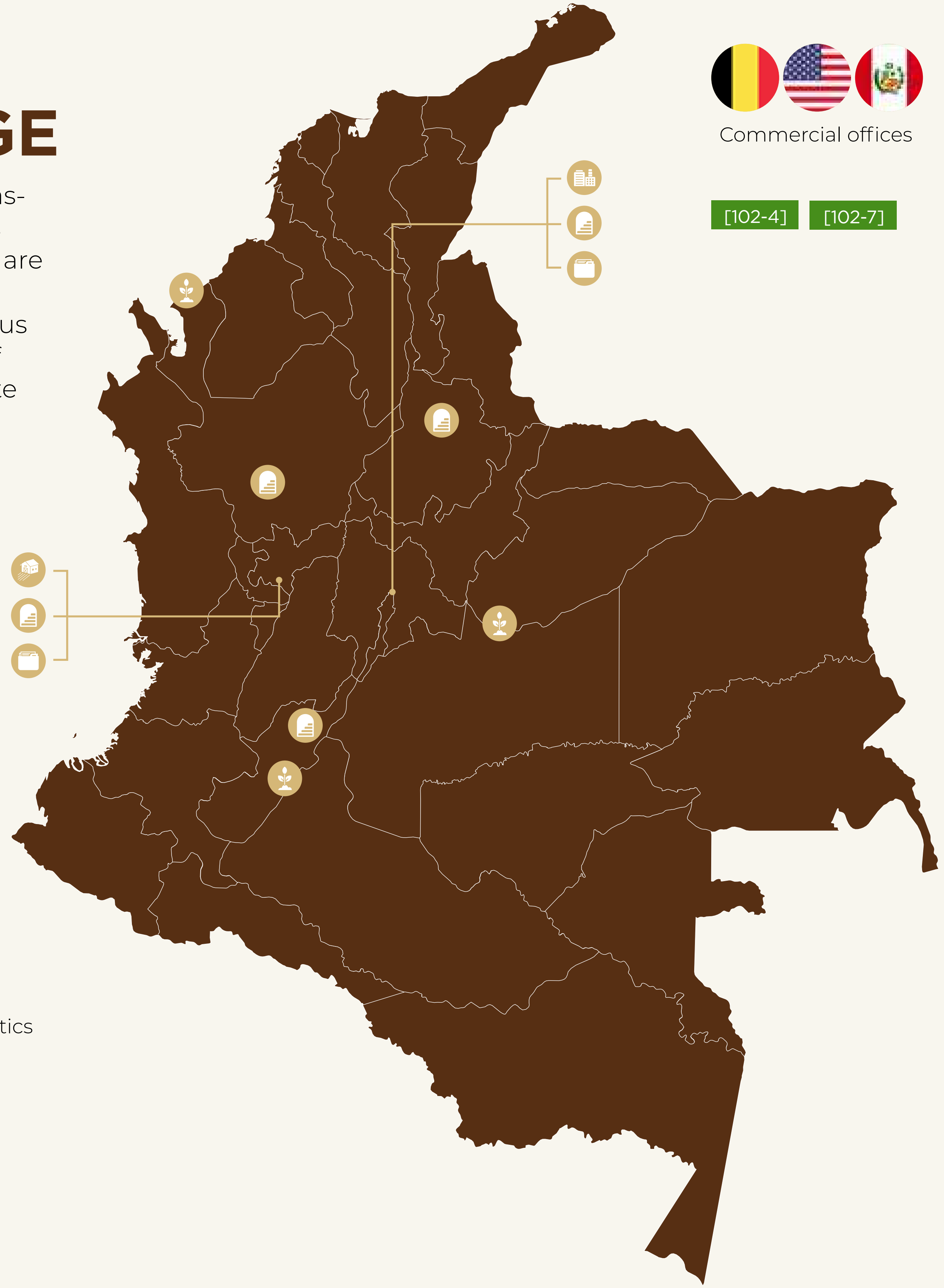
As a company with strong ties to cocoa growing communities in Colombia and true to our purpose, we started *The Chocolate Dream*, a unique collaborative sustainability plan with a long-term vision to improve wellbeing in the communities we work with.

2.1 ORGANIZATIONAL STRUCTURE

Luker Chocolate is the B4B unit of the Casa Luker family, exporting fine chocolate products and ingredients to over 40 countries. Other units include Luker Colombia (Mass Consumer Goods), Luker Agrícola (Agricultural operations) and Luker Soluciones (Administrative Shared Services).

2.2 OUR COVERAGE

With warehouses, purchasing centers, anchor crops and training facilities, we are present across Colombia. Our unique setup allows us to have greater control of our value chain and create value directly at origin.



Commercial offices

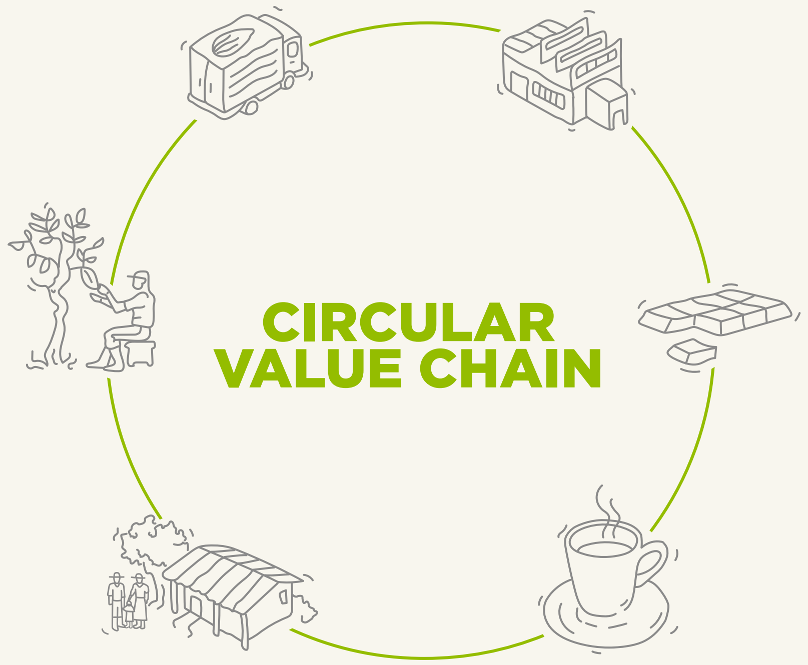
[102-4] [102-7]

- Cocoa warehouse
- Luker crop
- Administrative office
- Transformation and logistics operations centre
- Granja Luker
- Commercial offices

2.3 FROM BEAN TO BAR AT ORIGIN

[102-2]

By taking direct control of our supply chain from our own crops or purchasing directly from farmers and associations, to the processing and commercialization of our chocolates, we are able to guarantee transparency and consistent quality.



2.4 OUR PRODUCTS

[102-2]

We manufacture our chocolate under the B4B model -business for business- where we develop unique chocolates as ingredients for other companies, and finished products for other brands. This model has allowed us to include a service dimension from the perspective of innovation and design, market trends and technical support, as a value-added proposal.

We work exclusively with Cacao Fino de Aroma (Fine flavour cocoa), a special type of cocoa classified by the International Cocoa Organization (ICCO) based on its fruitiness, floral, malt and nut flavours. This cocoa is very special and enables us to deliver chocolates with flavours with a unique sensory profile, which are also the result of the exceptional work of the farmers who care for and respect the plantations and the people who work on them.

"Only 8% of the cocoa produced in the world is considered Fine Flavour Cocoa, 76% of which is produced in Colombia, Peru, Ecuador and Venezuela"

We have certifications that apply according to the product:

[102-4] [102-6]

2.5 MARKETS SERVED

We have reached 49 countries in the following market segments:

Customers

Value added

Semi-manufactured

Commodity

Product categories served

- Chocolate confectionery
- Biscuits and Baking ingredients
- Ice-cream production
- Hot drinks
- Frozen desserts
- Snacking

2.6 FINANCIAL PERFORMANCE

[201-1]

Our net Sales in 2018 amounted 79.6MUSD[1] with an 8% increase in 2019 reaching 267.351MM (aprox 85.7MUSD). In terms of our investment in sustainability initiatives, we allocated 4% of our EBITDA during this period, and we were able to double this amount with investments from other stakeholders, mainly the Luker Foundation.

Net sales:

Net sales 2018

79.6 MUSD

Net sales 2019

85.7 MUSD

1. For figures in dollars we use the historical daily average for the 2018 and 2019 Government Approved Market Rate (TRM) published by Banco de la República

2.7 WE TRANSFORM OURSELVES EVERY DAY

[102-10]

As part of our journey to create more value for our different stakeholders and making sure that our commitment to sustainability is reflected in our organizational statues, we have made several changes during the past two years that are worth highlighting:

Division of the B4B business (Luker Chocolate) and the mass consumer goods business (Luker Colombia) in the first quarter of 2018:

This division allowed us to focus our industrial chocolate operations on export and allows us to isolate the chocolate value chain so we can better measure its impact.

Implementation of the **Industrial and Logistics Master Plan,** a growth pathway established to increase productivity and allow our customers around the world access to the best chocolate made with fine flavour cocoa.

A reform to our statues was approved in the **first quarter of 2018 so that they expressly include Luker's** purpose as the main driver of our decision-making, and our commitment to ensure a positive material impact on society and the environment.

We created the **Director of Sustainability role** with a seat at Luker Chocolate's Management Committee at the beginning of 2019

In June 2019, we created the **Sustainability Committee in order to execute Luker Chocolate's** general sustainability plan and guarantee compliance with social and environmental indicators.

"It has been a long time since a father and his son graduated together, because very few parents want to study and succeed. Thanks to the new Garitón school, built by The Chocolate Dream, I had this great privilege."

José Luis Vilorio,
member of the Garitón community near to El Rosario farm, located in Necoclí, Antioquia, Colombia

3. BUILDING A SUSTAINABLE ORGANIZATION

5 STRATEGIC PILLARS

In the road towards fulfilling our purpose to transform the world through chocolate, these past two years have been essential to building the capstones of our organization that will allow us to bring our chocolates to the world and create shared value at origin. These pillars are:

- Luker Chocolate culture
- Governance and relations with our allies
- Our sourcing model
- The Chocolate Dream: Creating shared value in cocoa producing territories
- Innovation throughout our value chain

“Luker has impacted my life at all levels; I feel pride and passion for our process: from the moment we plant our trees until the chocolate reaches the consumer. We are a sustainable company that is grateful to the environment, a virtue that I teach my daughter in the stage of growth and understanding of her life. I am passionate about what I do since I contribute something to the world and fulfill my goals. “

Maritza Cifuentes
Production manager

3.1 LUKER CULTURE

Luker Chocolate’s culture is framed by our higher purpose: To make the world a better place by helping other companies to create products with purpose using our chocolate as a tool for change. This culture is experienced through four behaviours that leverage the strategy and bring us closer to the purpose: from local to global, from corporate to entrepreneurial, from product-driven to service-oriented, and from individualistic to collective.

In 2019, we mobilized our culture through the following initiatives:

-Creation of the Culture Committee: The culture committee aims to encourage and mobilize employees to live the company’s purpose and principles, DNA, and behaviours. We wanted to create a space where the Luker Chocolate culture’s challenges were solved through the teamwork of different areas.

-Construction of the leadership model, where we provide leadership tools to our Management Committee and its primary work teams, through different self-knowledge activities and conversations. Some of these activities are teamwork strengthening, feedback sessions.

-Election of our “soñadores” who promote the experience of our daily behaviour. “Soñadores” are leaders who mobilize by example, carrying the message of who we are, what we want to achieve, and how we will achieve it. They are generators of ideas and actions to strengthen the culture and gain more employee and productivity commitment.

-Construction of the Chocolibrary, an internal space created to share knowledge.

3.1.1 OUR VALUES

[102-16]

As a Colombian company committed to ensuring the respect and guarantee of human rights, CASALUKER S.A. reaffirms its existing commitments, and sets the parameters to ensure due respect and implementation of human rights at all levels of the organization in relation to its employees, customers, shareholders, managers, suppliers, contractors, and others who may have a direct or indirect relationship with the company. In this sense, it ratifies a commitment to permanent compliance with policies, procedures and behaviour guidelines through the guidelines of the Human Rights Policy, implemented internally and extended and controlled externally. This policy is updated according to the needs and expectations arising from the business.

RESPECT FOR HUMAN RIGHTS

RESPECT OF LABOR RULES AND SOCIAL SECURITY

NO DISCRIMINATION

FREEDOM OF EXPRESSION AND CONSCIENCE

ENVIRONMENT RESPONSIBLE

PROTECTION AGAINST CHILD LABOUR

LABOUR RIGHTS

ANTIFRAUD AND ANTICORRUPTION POLICY

Our code of conduct is constituted in response to the company's declaration of principles, inspired by the need to commit collaborators to our institutional values, resolution of situations generating conflicts of interest, compliance with laws and internal statutes, handling of privileged information, relations with clients and suppliers, professional competence, personnel development, among others.

3.1.2 PRIORITIZING AN INCLUSIVE AND DIVERSE WORKFORCE

Making sure our employees are treated equally and that we build with them a long-lasting working relationship is a priority in our sustainability plan. In this sense we make sure that all of our employees are paid above minimum wage and that there is no gender gap among employees at the same level of the organization. Furthermore, we are working towards increasing the percentage of employees directly hired in a full-time basis as well as increasing the percentage of women in our workforce.

	Full Time Direct Employees	Outsourced Hires	Total Female Employees	Total Male Employees	Total Employees
2018	480	137	201 (33%)	416 (67%)	617
% Change	↑ +12%	↓ -34%	↑ +8%	↓ -2%	↑ +2%
2019	536	91	218 (35%)	409 (65%)	627

In our aim to promote gender equality and ensure job security for our employees, between 2018 and 2019, we increased the percentage of direct hires by 12% and the percentage of women in the workforce reached 35%. Both indicators are part of our sustainable performance objectives.

Starting salary ratio

[202-1]

By 2018, the ratio of Luker Chocolate's starting grade salary to the local minimum wage was **1.17,** very similar to 2019, with **1.16.** evidencing our commitment to pay starting salaries well above minimum wage conditions.

Staff Turnover Rate

[401-1]

The accumulated annual staff turnover rate in 2018 was 21% and in 2019 we decrease the rate to 19%. To calculate this index, we have used only direct employees, other outsourced employees are hired by seasons.

We have implemented several initiatives to help reduce our staff turnover, including selection, training, development, improved work environment, and emotional support:

Work/Life balance: Flexible hours from Monday to Thursday, special schedules on Fridays, compensation for work trips that include weekends or holidays, half-days off for birthdays and half-days off to spend with family, health support, psychological care and language learning support.

Financial support: Between 2018 and 2019, we delivered 1,517 financial benefits to our staff which totalled an investment of COP $723,262,835 (aprox 231,889 USD). Some of these benefits included scholarships and study aids, holiday loans, maternity and seniority premiums.

Gender and Youth Inclusion

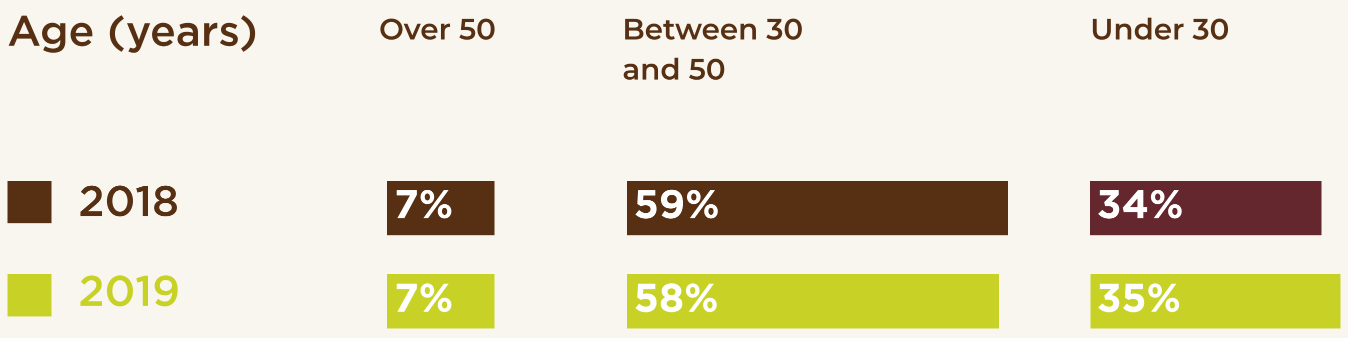
[405-1] [405-2]

For **Luker Chocolate,** the diversity of our staff is essential to strengthen equal opportunities. It is also one of the Sustainable Development Goals we are committed to and one of the key issues for human progress. Our salary basis disregard gender, race or religion.

We will continue to strive towards having more women in our company including increased participation in the Management Committee, where by 2018-2019, 11% of the committee were women. We seek to increase this further.

We include **Non-Discrimination** as one of the guidelines of the organization's Human Rights Policy, as we believe that contributing to equality from the workplace creates synergies and positive impacts on the well-being of society as a whole.

In addition to our gender equality goals, we strive to maintain age diversity in our workforce. Our goal is to increase participation of employees below 30 and maintain participation over 50.



3.1.3 WORKFORCE TRAINING INITIATIVES

[404-1]

For Luker Chocolate, implementing training and teaching processes for our staff is fundamental, with a view to developing knowledge and strengthening their capacities and skills.

During the 2018-19 period, each employee received around 30 hours of training, including employees from all levels of the organization. In 2018 81% of these training activities were for the operational level, and 19% were for the managerial level. In 2019 83% of these training activities were for the operational level. Emphasis has been placed on training operational personnel.

Women have greater participation in training since they represent 33% of the company's population, and their involvement in training was 36% and 37% respectively in 2018 and 2019.

In 2018, we ran **25** training tracks, including English language. By 2019, we increased our training tracks to **39.**

During 2018-2019 we had 640 participants, some of the most representative activities were the following:

Human Rights Awareness Training:

We are committed to Human Rights, which is why all collaborators were trained on this matter, seeking a general awareness regarding the care and respect of Human Rights.

World Environment Day:

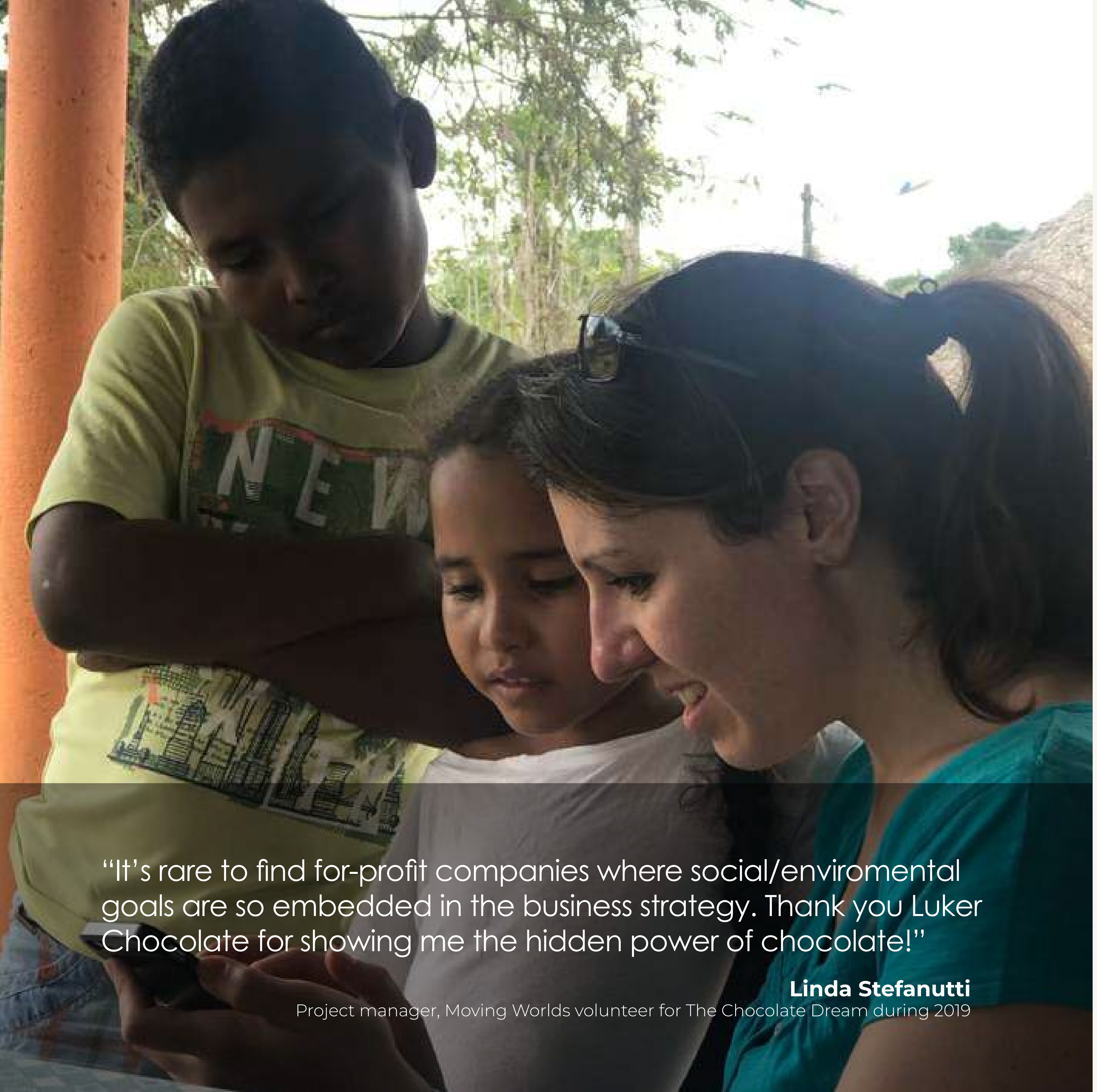
In July 2018, 22 members of our staff held an activity to promote environmental awareness with a day of teaching for all employees on environmental issues. As part of a competition, we visited the Chicaque Natural Park, where we planted trees in the area.

Tree Day Competition:

In November 2019, 25 members of our staff took part in the project to express their commitment to the care and protection of the trees and reflect this in a photograph. The winners were invited to an eco-walk and to plant trees in Páramo de Sumapaz.

Together, we can do it WWF:

248 participants in different workshop on freshwater, oceans, forests, climate and energy, species and food. We have been participating in this programme developing environmental education modules since August 3, 2019.



> “It’s rare to find for-profit companies where social/enviromental goals are so embedded in the business strategy. Thank you Luker Chocolate for showing me the hidden power of chocolate!”

Linda Stefanutti
Project manager, Moving Worlds volunteer for The Chocolate Dream during 2019

[102-18]

3.2 GOVERNANCE AND RELATIONS WITH OUR PARTNERS

Maintaining transparent governance and stakeholder relations is the foundation for building a whole system that is geared towards our purpose of making the world a better place. This is accomplished through our governing bodies’ responsibility and approach to economic, social and environmental issues to guarantee timely, responsible and balanced decision making and procedures in relation to the organization’s needs and the expectations of its stakeholders under a common purpose.

Decision-making on economic, environmental and social issues is carried out by the Management Committee and overseen by the Board of Directors.

Board of directors Casa Luker S.A.

The board of directors consists of a chairman, who is part of the family that owns the company, two other family members, and three non-family members. The board chairman is different from Luker Chocolate’s CEO, Camilo Romero.

3.2.1 MANAGEMENT COMMITTEE

[102-20]

Luker Chocolate CEO
Camilo Romero

BA in Business Management (CESA), Specialisation in Economics (University of Western Sydney) and MBA (Instituto de Empresa). I am passionate about working to benefit communities by creating social impact.

Luker Solutions Manager
Sara Baena

BA in Industrial Engineering (U. Javeriana), Specialisation in Corporate Finance (CESA), Senior Financial Management (U. de los Andes), Business Law (U. Externado), and Marketing (Kellog School of management). I am passionate about working for this company that is committed to doing good for everyone.

Director of Culture
Laura Cano

BA in Psychology and Specialist in Human Resources Management (U. Javeriana). I am passionate about developing human talent, mobilizing cultural transformations through collaborators and relating to rural communities.

Director of Finance
Camilo Gallo

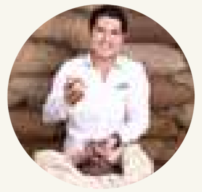
Public Accountant (U. Manizales) Specialist in Finance (EAFIT) I am passionate about getting to know new cultures and places, helping others and working in this company that contributes positively to social and environmental issues.

Vice President of Procurement and Agricultural Development
Francisco Gómez

BA in Civil Engineering (U. Nacional de Colombia) and MA in Administration (ITESM Mexico). I am passionate about knowledge, learning, changing things, helping to train the people who work with me, and enhancing their skills.

Vice President of Marketing and Communications
Marcela Jaramillo

BA in International Business Management with an emphasis on Marketing (Franklin University), Advertising Management Specialist (U. Jorge Tadeo Lozano) and MA in Corporate Communications (IE University of Madrid). I am passionate about discovering and enjoying products and experiences of origin with a unique history.

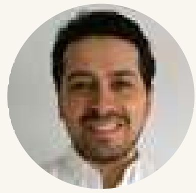


Vice President of New Business Development
Cristian Chú

BA in Electronic Engineering (U. Nacional de Colombia), MBA (U. Externado de Colombia) and MA in Logistics and Operations Management (ENAE Business School). I am passionate about creating intra-enterprises and working for a higher purpose.

Vice President of Global Sales
Manuel De la Peña

BA in Chemical Engineering (Universidad América), Specialisation in Strategic Management (U. de la Sabana) and Master in Business Administration MBA (Centrum Católica Perú). I am passionate about leading high performance teams, achieving goals and developing measurable and high impact projects.



Vice President of Supply Chain John Jairo Duque

BA in Systems Engineering (U. Manizales), MBA (EUDE) and Master in International Supply Chain and Logistics (U. Rey Juan Carlos de España). I am passionate about contributing to people' individual development and strengthening teams.

Director of Sustainability
Julia Inés Ocampo

Industrial Engineer (National University of Colombia), Master in Sustainable Development with an emphasis on Environmental Knowledge (University of Versalles - France). I am passionate about working for the development of Colombia's cocoa-producing communities.

Vice President of Innovation
Sergio Restrepo

BA in Business Management (U. de los Andes), MA in Marketing (EADA) and MA in Finance (EADA). I am passionate about innovating and exploring how companies can become tools for social transformation, rethinking their approach to deal with global issues.

Decision-making on economic, environmental and social issues is carried out by the Management Committee and overseen by the Board of Directors.

3.2.2 OUR STAKEHOLDERS

[102-42] [102-43] [102-44]

Our unique commercialization, supply chain and sustainability model mean that we are constantly engaging with a diverse group of stakeholders. For the purpose of this report we identified 9 groups that warrant specific interactions and communication objectives in order to reach our sustainability goals through collaboration:

1. Small farmers and associations: We work directly with farmers, not farms. In this sense we are committed to understanding their needs and context and building a long-term win/win relationship with them and supporting farmer associations.

2. Local Communities: We work with the families and the communities, the farmers have a family and a community, we are committed with the surrounding impact.

3. Clients: We partner with companies that prioritize quality and sustainability. Our clients are currently located in over 40 countries.

4. Employees: Our employees are the backbone of our organization, and thus it is essential that they embody our values and culture.

5. Suppliers: we strive to partner with suppliers who share our commitment to quality and sustainability and are able to guarantee consistency and traceability of their products.

Clients

Suppliers

Banks

Shareholders

Academy

Collaborators

ONG'S

Cocoa producing organizations

Local Communities

6. Investors: Made up of the members of our Board of Directors:

7. NGO's: Starting with the Luker Foundation who is committed with the community to give better education and entrepreneurship opportunities we invited other NGO's to build social fabric.

8. Academy: we work with local and national universities as volunteers of the process.

9. Financial Institutions: we work with national financial institutions to give options and training to the rural community.

3.2.3 ON OUR WAY TO BE A CERTIFIED B CORPORATION

At Luker Chocolate we are aware that it is only by joining forces with others that we will be able to contribute to the building of a more sustainable present and future for Colombia. That is why we decided, three years ago, to approach the national and international B Corps community.

We believe in and share their same goal: new economic "genetics" that allow values and ethics to inspire collective solutions without forgetting individual needs.

This process has enabled us to better measure and understand the positive and negative impacts of our operations and will help us to continue in our path of becoming a more sustainable company:

The path traveled so far:

2018

Casa Luker redefined its purpose and identified the B System as the ideal framework to adopt in the long term.

2019

We undertook our first autoevaluation and diagnosis with the help of Sistema B Colombia as our consultants in the + B framework.

Goal: To achieve B status on 2022.

3.2.4 SOME OF OUR AWARDS:

Best exporting company award
(AMCHAM Colombia)

Best shared value program in Colombia
(Cámara de Comercio de Bogotá)

Best corporate social responsibility programme
(Cámara de Comercio colombo británica)

Butterfly winners of Lorenz-XIV award Colombian businessman 2019
(Mariposa de Lorenz)

Recognition as one of the inspiring companies 2019
(ANDI)

USAID Alliance call winners
(USAID)

Finalists for the Emprendiendo Paz award
(Emprender Paz)

Finalists for the best sustainability initiative
(Food matters live 2018)

[102-12] [102-13]

3.2.5 PARTNERSHIPS THAT SUPPORT OUR PURPOSE:

Affiliations

Alliances

"With Luker Chocolate, cocoa farmers in the region will benefit. We will increase cocoa productivity and profits, improving the quality of life of each of the cocoa farming families in the Hobo municipality."

Javier Humberto Paredes
President of the Cocoa Farmers Association of the municipality of Hobo, Huila, Colombia.

3.3 OUR SOURCING MODEL

One of our main goals in our effort to create shared value at origin, is to potentialize farmer income through sustainable sourcing practices and productivity enhancement.

[102-44] [102-15]

We source almost half of our cocoa from farmers and small grower associations; by working with them directly, we make sure that associations receive close to full FOB International market price plus a 5% to 10% premium for Fine Flavour Cocoa quality standards and unique sensory profiles. In average, for the past 2 years, we have successfully paid associations 96% of FOB prices which results in over 30 to 40% higher income/kg at farmgate, compared to average international farmgate prices.

In order to further protect farmers' income from market volatility we are currently working towards defining a minimum purchasing price scheme. This requires a full understanding of production costs and living context specific to Colombia, which we are aiming to conclude by the end of 2022. Additionally, we are working closely with these associations to develop a traceability system and reporting culture so we can have better evidence of price transfer to the farmer.

Due to the difficulties of reaching certain regions in Colombia, we are still buying a large percentage of our cocoa from regional buyers, which allows us to provide these growers with market access for their cocoa.

Our goal by 2025 is moving 70% of our sourcing to Direct Trade through a mix between own crops and small grower associations and establishing a system of incentives for those who commit to traceability of their crops.

Although we will keep working on our sourcing policies to make sure that farmers' find in cocoa producing a sustainable source of income, we strongly believe in the importance of generating shared value well beyond purchase. We are convinced that our strongest impact comes from working directly with growers to help them improve their income through productivity. In this sense we invested more than 1 million USD during 2018-2019 in applied research, technical assistance and education, reaching more than 1000 farmers who are now better equipped to run their farm as a prosperous business.

3.3.1 EMPOWERING COLOMBIAN COCOA-FARMERS

[102-9]

The cocoa sector in Colombia has always been small compared to the coffee trade. Although the needs of this market have been met mainly by the chocolate industry, this agricultural practice has come up against a number of obstacles, the main one being low productivity. From the beginning, the company identified the need to work side by side with the average producer to solve this type of problem, improve their living conditions, and ensure a better product.

Luker Chocolate acquires between 30% and 35% of the total cocoa produced in Colombia through its own purchasing agencies in different cities throughout the country, centralizing the purchase of small farmers in 50 points in Colombia. Luker Chocolate has a network of alliances with associations, with commercial agreements that allow the company to guarantee the total purchase of the production of the members of the association and to commercially benefit more than 10.000 families in Colombia. It should be clarified that neither the supply contracts with these associations nor the technical assistance offered to producers oblige the associations to sell their cocoa to Luker Chocolate. Instead, they are made to establish a buying interest, a good financial offer, and constant support. This strategy was replicated by the company in Peru, where we have a direct buying point in Tarapoto.

In this sense, the company is progressively communicating with the farmers to generate a stable and lasting relationship that, in most cases, goes beyond the price of cocoa. The farmer sees Luker Chocolate as a partner that will be there “through thick and thin”.

Some partnerships may require temporary resources to improve or streamline their business processes, for which purpose interest-free loans were occasionally made available, for example, for the purchase of vehicles or improvements to facilities. Also, during 2019, the pulp purchase system was implemented in El Rosario-Necoclí, which makes it possible for farmers to receive their money without having to wait the two weeks that the post-harvest process normally takes, and to obtain the quality premium that is ensured by a good controlled process.

3.3.2 OUR OWN FARMS

10 years ago, we started our own cocoa plantations as a long-term plan to increase Fine Flavour cocoa availability and have a stronger and more direct impact on some of the regions we work with. We are now able to offer cocoa from our own farms (in Necoclí, Huila and Casanare) and proudly employ more than 330 people, ensuring that workers are paid a stable income and are covered fully by health and social security benefits for them and their families.

Our goal is that by 2025 we will be able to source 10% of our cocoa directly, generating more quality employment and significantly positive economic, social and environmental spillover effects for the surrounding communities.

El Rosario - Necoclí, Antioquia

In 2010, the company established a 557-hectare farm in Necoclí – Antioquia, which had previously been used for livestock. It was the first agro-industrial crop and the largest agro-productive crop of fine flavour varieties in the country. It was designed under an agroforestry system, in which there is a simultaneous and continuous integration of timber trees with cocoa crops, which allows a higher production yield, since it prevents soil degradation and loss of biodiversity. El Rosario is a demonstration agro-industrial project that promotes cocoa planting and encourages rural development.

The Farm

· Transformation of livestock farm to agroforestry crop

· We have the most efficient type of irrigation system.

557 hectares of cocoa plantations

Creates more than **250** jobs in the peak of the harvest

139 bird species reported on Global Big Day 2019

El Paraíso - Villanueva, Casanare

Taking into account the positive impact of the first plantation, in 2016 we implemented a project in Villanueva – Casanare, where, for many years, the land had been used exclusively for planting oil palms. At present, this farm has an agroforestry system in which the palm coexists with cocoa providing shade.

Likewise, in order to reforest this area, we are planting Acacia trees to build an ecosystem that preserves biodiversity and also provides protection for the crop. Our goal for the end of 2020 is to have planted a total of approximately 48,000 trees.

Villanueva, Casanare

The Farm

Production of

7 tons of dry beans in the first crop in 2019

817 hectares of cocoa plantations

Our cocoa agroforestry system has created over

400 jobs at the peak of harvest

More than

120 species of mammals, birds, amphibians, and reptiles spotted in the plantation

La Escalereta

The Luker Agrícola plantation in Huila was implemented in the first quarter of 2019 with soil preparation and sowing at the end of the same year. Located in the municipality of El Agrado, it is part of an initiative to promote cocoa crops in alliance with Enel-Emgesa.

The main purpose of this anchor crop is to accompany farmers in the region in situ, as part of a large promotion programme to strengthen the cocoa production chain in Huila. Various agronomic and environmental studies are being carried out on the cocoa crop, in order to develop and share the best agricultural practices. For the producers to learn about different forms of crop establishment, this plantation is divided into two parts: one traditional and the other, technical. Both types are designed with agroforestry arrangements that care for the soil and biodiversity. Only native trees from the dry forest, of which this ecosystem is a part, were used as timber trees.

These crops are a fundamental part of the Luker Chocolate Anchor Model, because in addition to serving as a living classroom, they produce plant material to be used to intervene in new hectares and rehabilitate the cocoa of small producers around the plantations, mainly with the support of the Efecto Cacao Alliance. See page 56.

The Farm

47 hectares cultivated

Our cocoa crop has created approximately

37 jobs at the peak of harvest

3.3.3 MANUFACTURING AND PACKAGING MATERIALS

[204-1]

For Luker Chocolate, suppliers are an essential part of the entire value chain, contributing to the production and delivery of quality products to our customers. Hence, in addition to guaranteeing the supply, we support the local economy, as we know that this will contribute to the well-being of Colombian families. From 2018 to 2019, we increased our local purchases from 57% to 78%.

Similarly, in 2018 we developed two projects designed to reduce the consumption of plastic material by down gauging our packaging materials and making them easier to recycle by modifying our plastic containers for our cocoa powders. We plan to continue to search for more sustainable alternatives for our packaging.

"The Chocolate Dream is transforming Caribia's youngsters while also letting them have fun. We are now stronger and more resilient thanks to everything we have learned on the learning processes and courses we have been involved in, and we can now confidently state that we know what we want. The coaching we have been provided with has given us great hope for the future".

Isabela González,
member of Eco Caribia, one of our social impact projects in Necoclí, Antioquia, Colombia.

3.4 CREATING SHARED VALUE IN COCOA PRODUCING TERRITORIES

[203-2]

At Luker Chocolate, we believe that chocolate makes the world a better place and we believe in fair relationships where everyone is a winner. Through shared value strategies, we can transform cocoa-growing territories while strengthening our business model.

Transformation and the creation of value in the territories are the core of the organisation, they are transversal to its actions throughout the chain and contribute to the continued use of our chocolate as a tool for change. In this sense, Luker aims to create products with purpose, achieving a positive impact on the communities through education, entrepreneurship, art and culture, agricultural development and job creation in the countryside.

We are committed to rural Colombia through triple impact initiatives: social, environmental and economic, on cocoa-growing territories through "The Chocolate Dream".

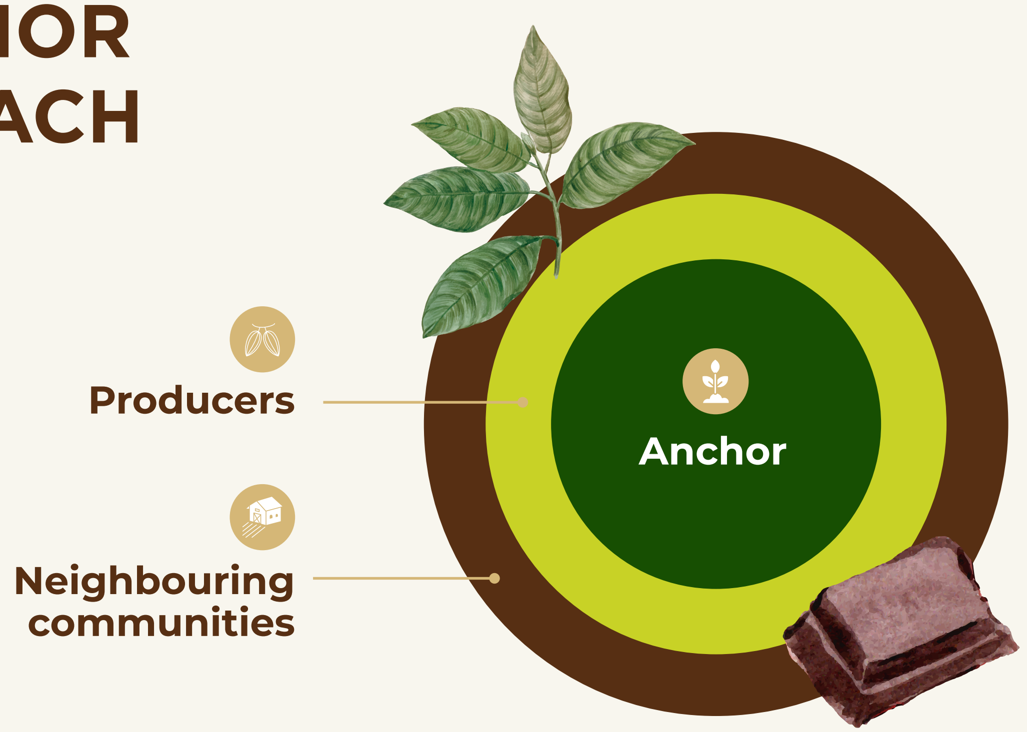
The Chocolate Dream is our collaborative plan through which Luker Chocolate strives to transform the cocoa value chain from its origin, building sustainable well-being in the communities we work with. We have three main objectives:

1. Improve farmer income by increasing farm productivity and quality, strengthening the associations and promoting income diversification initiatives.

2. Strengthen the social fabric of local communities by supporting education, enforcing human rights' adoption and promoting entrepreneurship and cultural activities.

3. Maintain environmental balance in cocoa growing communities by protecting biodiversity, water, forests and soils and reducing our carbon footprint.

3.4.1 OUR ANCHOR MODEL APPROACH



In 2011, we decided to embark on a new path by planting our own crops. This approach has allowed us to show the world the transformative power of large-scale sustainable farming to combat extreme poverty in violence-ridden territories and create formal employment.

By leveraging the scale and resources of our own farms, our Anchor Model allows us to reach surrounding communities with technical assistance, centralized purchasing and processing and applied research among others. Additionally, by implementing environmentally sound practices prioritizing the protection of biodiversity, water and soil and zero deforestation, we can contribute to environmental balance in the surrounding areas. Furthermore, by offering formal employment, and actively supporting education, culture and entrepreneurship in the communities, we can contribute directly to social development.

With this model, we support small producers with technical assistance, training in Good Agricultural Practices (GAP), plant material to improve their crops' quality and productivity and promote Cacao Fino de Aroma's cultivation. We seek to encourage co-creation and innovation with our stakeholders and other actors to achieve rural development by creating shared value projects.

In 2018 and 2019 most of the community development programmes were carried out in Necoclí (North western Colombia), where intervention opportunities were identified to contribute to the well-being of the community in nearby rural population such as Garitón, Buenos Aires, Limoncito, Alto Carito and Caribia.

The success of this Anchor Model so far makes it possible to visualize its replicability in other areas of the country such as Huila, and Casanare where we also have cacao farms.

3.4.2 GRANJA LUKER

"Cultivating training and research to harness development in the cocoa sector"

Granja Luker ("Luker Farm") was created in 1962 to promote the cultivation of Fine flavour cocoa in Colombia through three basic pillars that have been maintained over time:

1. Training and technology transfer.

2. Research.

3. Production of planting material.

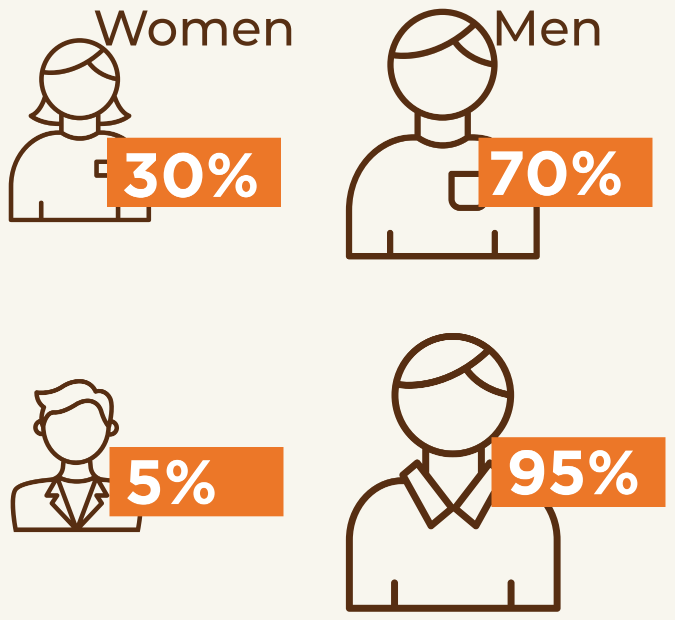
Since 1962, nearly 33,000 small producers have been trained in good agricultural practices. Granja Luker is the first cocoa technology research, scientific exploration, innovation, and training centre in the world. This centre has become a fundamental pillar of the company's strategy, as it is the vehicle through which it maintains close relations with farmers' associations and supports them in their efforts to improve the quality of life of their employees and increase the production of cocoa suitable for trade.

Research is exploring the best varieties of cocoa: Fine flavour with high productivity and disease resistance. Granja Luker is a cloning garden and an experimental centre.

Finally, Granja Luker offers plant material with a 20% subsidy on purchase for new cocoa projects or for replanting by partner associations. By 2018, approximately one million seeds and plant material had been delivered to Colombia's different cocoa regions, giving farmers the opportunity to renew their crops with high quality and high productivity Fine flavour varieties.

Beneficiary population

631 farmers trained in Granja Luker between 2018 and 2019



Young Adults

3.4.3 THE CACAO EFFECT ALLIANCE

The Cacao Effect is an alliance that seeks to strengthen the cocoa production chain, helping to improve the living conditions of cocoa producers and their communities in four regions of the country, Urabá, Huila, Bajo Cauca and Tumaco, as a basis for building a lasting peace.

The cooperation agreement was signed on November 30, 2018 for a period of five years, starting in February 2019 with an investment of 36.35 million dollars. Main investors are USAID (with almost 7 millions) and Luker (with almost 29 millions).

This Alliance, in which the United States Agency for International Development Cooperation (USAID), Fundación Luker, Universidad EAFIT, Fundación Saldarriaga Cocha, and Enel-Emgesa participate together with Luker Chocolate, has three lines of intervention:

ALLIES:

1. Increased productivity of cocoa crops.

2. Commercial, technical and administrative strengthening of cocoa associations.

3. Improvement of academic and socio-emotional skills of the population of Necoclí.

The Cacao Effect -TCE- reached the following results in small farmers and their communities during 2019:

TCE committed 363 farmers to reach a productivity of 800 kg/ha, before they obtained 350 kg/ha. The farmers have an average of 2 hectares in cocoa, but some of them are just becoming cocoa farmers motivated by the alliance.

In 2019, 700 hectares were intervened in three ways: 277 hectares were rehabilitated by grafting and trimming old cocoa plants, 236 hectares were planted with new cocoa trees and additional 187 hectares were accompanied with technical assistance. Not only the farmers who have old crops or new sowing were involved in the trainings, in total 560 farmers were trained to increase the productivity. Those farmers make part of one of 14 associations that were supported to strengthen the capacities. The associations aim to be the best alternative to the farmers, with an optimal use of the resources

"Before being part of The Cacao Effect project, I was not financially stable. Now, thanks to The Cacao Effect I have organized myself financially, I have grown, and I have improved my cocoa farm."

Edwin Medina

Cacao grower of the ABICASPU association of San Pedro de Urabá, Antioquia, Colombia to transfer the best price to the producers and to give additional services according the members' needs. In order to give additional income to the cocoa producers´ families, this alliance trained 821 people in entrepreneurship under a gender approach with an output of 87 new entrepreneurships supported.

As part of the TCE the alliance worked in the improvement of the living conditions in the Necoclí area. The first 61 young obtained a technical degree, an educational goal for the region, as the average people has not more than the primary school. Motivated with the results, the adults came back to the school with formal education, TCE expect to reintegrate more than 120 adults.

Finally, TCE is committed in the support of women, we believe the role of women in agriculture is very important, we support the women through the following activities:

1. In the technical training we invite the women to learn, the technical expertise was limited to men, TCE promotes the women involvement in productivity.

2. 82% entrepreneurships supported are leaded by women.

3. TCE promotes the inclusion of women in the board of directors´ associations and promotes the women committees.

Overall TCE is improving the living conditions and the social work together with the productivity increasement is helping to make a better world around the cocoa production, for next years, we expect to extent the social work to Tumaco and to get new partners to develop the alliance with more farmers not listed in the initial scope.

During 2019 TCE committed

363 farmers
to reach a productivity of
800 kg/ha

---

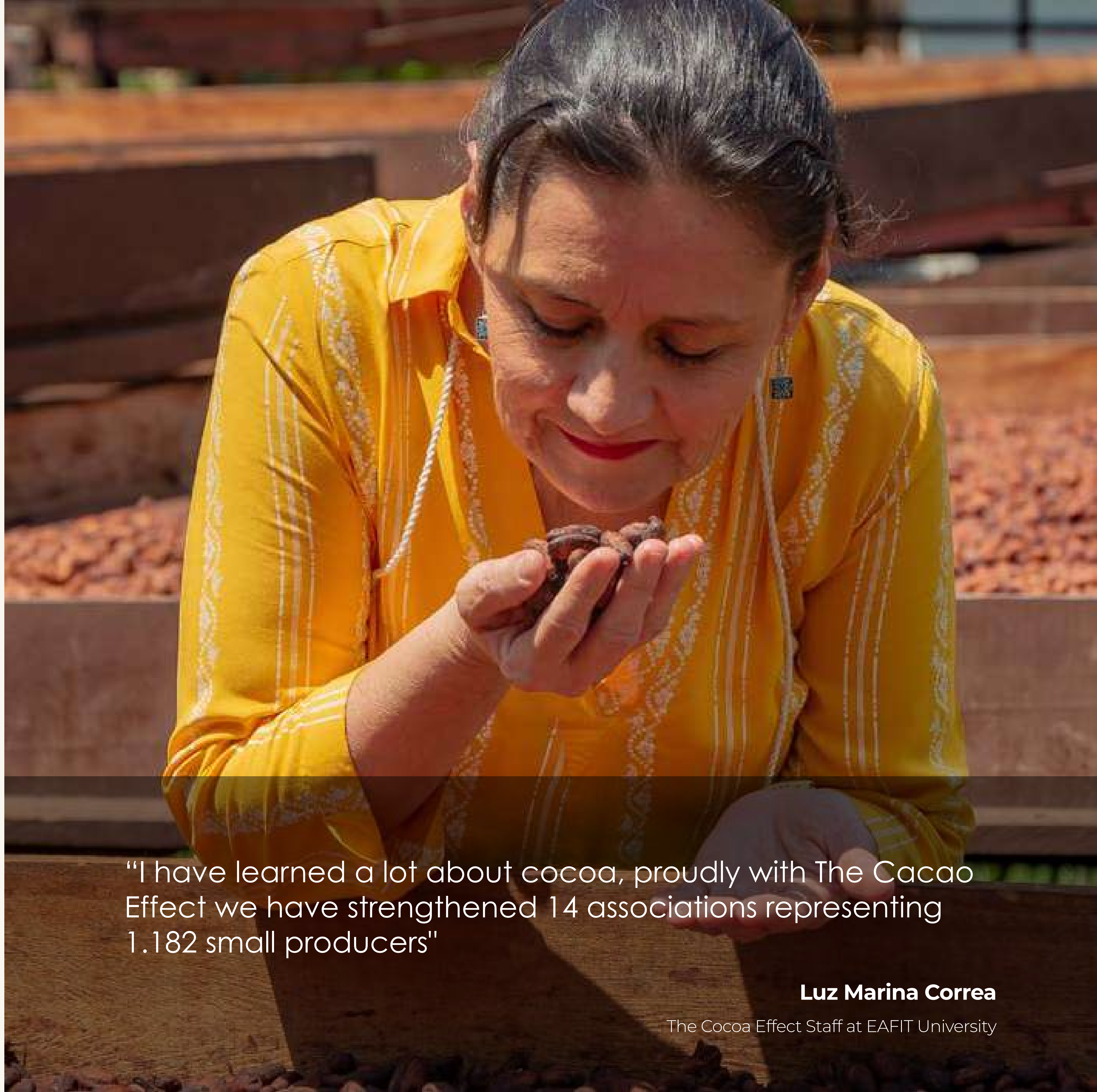
560 farmers were trained to increase the productivity.

700 hectares were intervened:

277 hectares were rehabilitated by grafting and trimming old cocoa plants

236 hectares were planted with new cocoa trees

187 hectares were accompanied with technical assistance.



"I have learned a lot about cocoa, proudly with The Cacao Effect we have strengthened 14 associations representing 1.182 small producers"

Luz Marina Correa

The Cocoa Effect Staff at EAFIT University

3.4.4 “DREAMERS CLUB” PROGRAMME

[413-1]

A programme created for our clients who want to have a “hands on” approach to sustainability and get involved directly in the creation of specific projects designed to meet the need of the cocoa growing communities in Colombia. As Members of the Dreamers Club, our clients have funded education, entrepreneurship and cultural initiatives, cocreated with the communities. These initiatives are either sponsored exclusively by our clients called Dreamers or in alliance with NGO’s and/or other local institutions.

Between 2018 and 2019, The chocolate Dream through the “Dreamers Club” sponsored 6 projects with the following results:

THE POWER OF EDUCATION

The school in the village of Garitón, located in Necoclí did not have the adequate educational infrastructure to provide the students the right space. The Chocolate Dream believes in the transformative power of education to trigger rural development in the countryside. This project gave more than 240 students new school facilities with the support of Luker Foundation, the Mayor´s Office of Necoclí, Rosalba Zapata Corporation and our Dreamer Maison Cacao.

EMPOWERING DREAMS

The Empowering Dreams aims to diversify the cocoa farmer income and to include other family members in new economic activities. The Chocolate Dream co-created a strategy to generate an entrepreneurial culture with our Dreamer Pots & Co. During 2018 and 2019 a group of 48 entrepreneurs have been supported through entrepreneurial training and specialist tutors.

WATER FOR CARIBIA

Access to water is a fundamental right that guarantees human dignity; however, the Caribia community did not have potable water. The Chocolate Dream built a partnership between the Mayor’s Office of Necoclí, the Government of Antioquia, Luker Foundation and some Dreamers such as Voss, Fino de Aroma Co., and Delgiro, to provide technical and community support to the population in the process of restoring the aqueduct in the village of Caribia. During 2018 and 2019 the reconstruction of the aqueduct system was achieved together with the water distribution system to the 110 houses in Caribia.

YOUNG NECOCLÍ

In Colombia rural youth have fewer opportunities to access quality education than urban youth, higher poverty rates, and less possibilities to access decent employment. The Chocolate Dream co-created and implemented Young Necoclí with the Dreamers Doisy and Dam, Choc Affair and Lyra to improve the quality of life of young people living in the cocoa farming communities of influence through leadership, community engagement, and social entrepreneurship.

DREAM JOURNEY

Necoclí is a magical region. "The Pearl of the Gulf of Urabá", as it is known, has a great natural, cultural, historical and archaeological wealth. After understanding the great opportunity that existed to generate development through tourism, The Chocolate Dream designed and promote a tourism route called the Dream Journey that have as its central axis the agro-productive process of cocoa, this also help diversify the income of the communities and attract new generations to work and promote the Colombian countryside.

VEHICLES FOR LEARNING

Some students from rural schools in Necoclí had to walk for over an hour to reach their schools, affecting their performance and attendance. The Chocolate Dream together with the Fundación Luker, and some Dreamers as Fino de Aroma, Hotel Voss and Dengel, created and implemented a mobility pilot so that these students could benefit from an adequate means of transportation: bicycle or donkey. This pilot helped the children to improve performance at school, develop self-care, a love for sport, to take responsibility for another living being, to be more environmentally aware and to live in harmony and synchrony with animals.

DREAMERS' CLUB MEMBERS:

The Chocolate Dream

Dengel Confiserie-Genüsse
Germany

Delgiro
Germany

FINO DE AROMA CO.
Japan

Schokoladen HOTEL
Germany

CHOC AFFAIR
United Kingdom

Casa Luker
Colombia

THE CHOCOLATE SOCIETY
United Kingdom

LYRA
Slovakia

MAISON CACAO
Japan

Pots & Co
United Kingdom

3.4.5 VOLUNTEER “SOÑADORES” PROGRAMME

In the spirit of helping rural communities to gain access to different knowledge sources and enrich their own entrepreneurship projects with external experiences, we designed a Volunteer Dreamer programme, where people from different backgrounds can share their knowledge with the community. In exchange, they gain the experience of living with them, and learning about their culture.

Between 2018 and 2019 we hosted 32 volunteers in Necoclí, 13 volunteers were international, from US, UK, France and Germany, Together volunteers and the community have worked in the following areas: Patisserie, Chocolatery, Resilience, Graffiti, Art, Bird watching, Brand Development, Creative Writing, Recycling, Landscaping, Project Management, Budget Management, Effective Communication, Business Model.

3.4.6 MAESTROS DEL CACAO PROGRAMME

Maestros del Cacao is a programme directed at cocoa farmers that promotes the adoption of good agricultural practices to increase productivity and quality and protect the environment, through a system of incentives. The program and the incentive plan resulted from a thorough study conducted with growers and associations in Huila that sought to understand their needs and drivers.

The pilot project developed in Huila during 2019 provided incentives amounting to approximately 15.000USD to 200 producer families and their associations. Cocoa-farmers obtained points for the cocoa sold, and those points were redeemed in fertilizers, farming tools, and egg-laying hens among others. The success of the pilot led to plans to expand the programme to other territories.

Through Maestros del Cacao we aim to establish valuable relationships with associations and cocoa farmers and get a direct understanding of their needs while giving them tools to improve quality and productivity.

3.4.7 CHOCOHABS & CHOCOLAB

This call for collaborative work led us to build a Centre for Social Innovation in our chocolate plantation in Necoclí. The space, consisting of a Chocolab and a group of Chocohabs, opened its doors in December 2018 to accommodate innovators, entrepreneurs and, in general, people who are passionate about social innovation and who want to donate their time and knowledge to improve the quality of life of Colombia's farmers. Three hundred and seventy-six people have participated in more than 30 co-creation meetings during this period.

3.4.8 PRODUCTIVE TRANSFORMATION PROGRAMME (PTP) IN TUMACO

An alliance was established with the National Government in 2018 to improve the quality, productivity and competitiveness of Tumaco cocoa for export markets as a sustainable and profitable option.

-The Alliance envisaged the following actions:

-Rehabilitation and Grafting Plan.

-Training programme for producers and operators of processing plants and collection centres.

-Improvement of the infrastructure of the processing and drying plants.

-Adaptation of the Collection Centres to improve the Quality Processes.

-Environmental Management Plan and Good Agricultural Practices.

The following results were achieved:

Crop improvement: rehabilitation and grafting plan

329 small farmers

of which

43.8% are women

197.400 trees rehabilitated

Productivity increases over

100% to 648 kg/ha

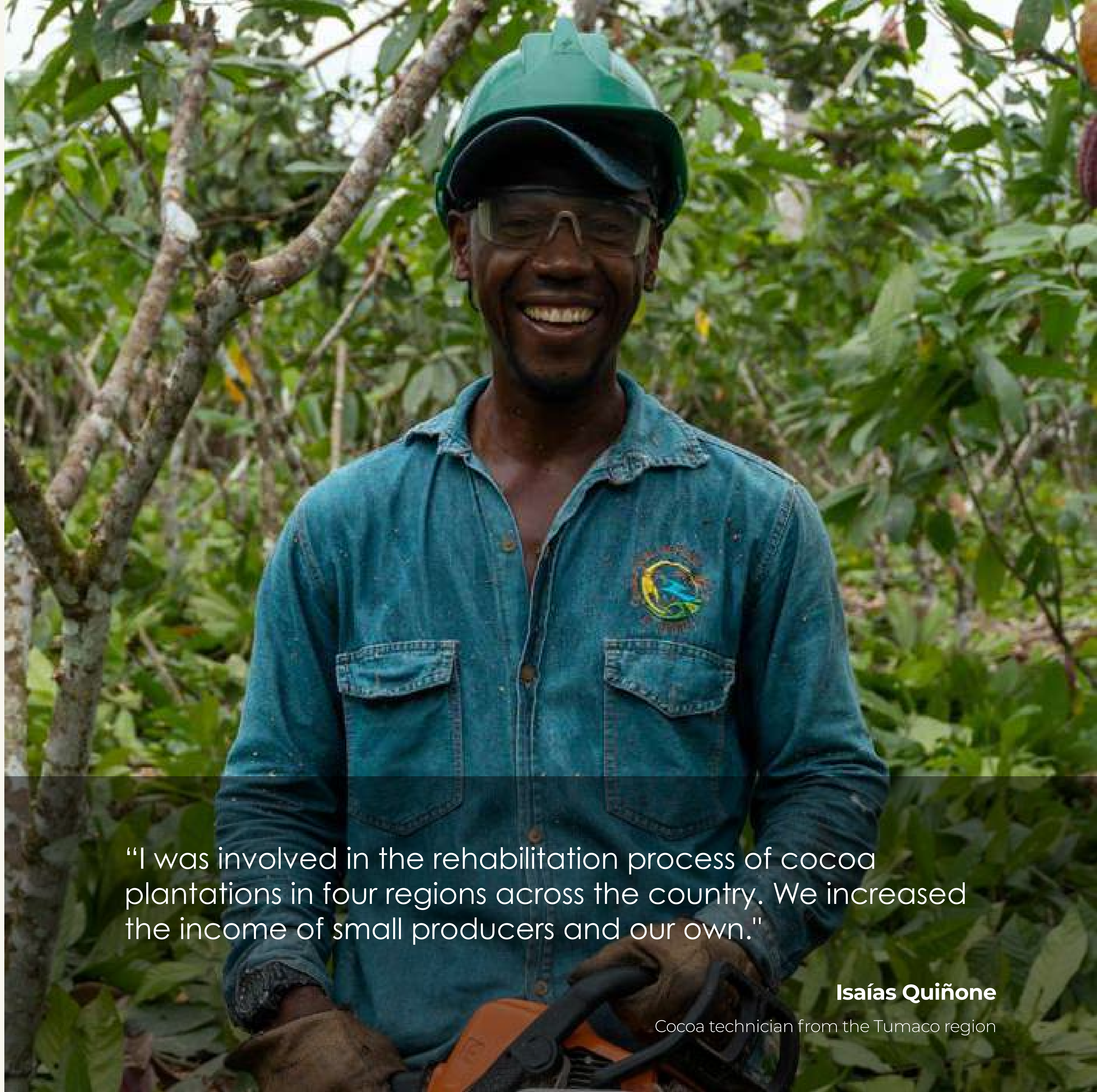
Improvement of the processing and drying infrastructure

10 fermentation centres adapted

Customizing of the storage centre to improve bean quality processes

2 Storage Centres Enhanced

In addition to the PTP, Luker Chocolate has participated in other programmes implemented by the National Government in collaboration with the US Government and other sources of international cooperation to promote cocoa farming and, on occasion, has even managed to replace illicit crops, as a result of producers' decision to move to a crop that gives them peace of mind: cocoa. In these processes, Luker Chocolate has provided technical assistance, delivered plant material and purchased cocoa from the producers. For the past 12 years, these alliances have involved 16,079 hectares and have benefited 7,273 families in 7 regions: Tumaco, Vichada, Bajo Cauca, Santander, Sur de Bolívar and Tumaco.



"I was involved in the rehabilitation process of cocoa plantations in four regions across the country. We increased the income of small producers and our own."

Isaías Quiñone

Cocoa technician from the Tumaco region

3.4.9 NEW SCHOOL PROGRAMME

Lack of access to education is one of the main causes of poverty and rural migration to cities in Colombia. This is why we are striving to ensure that the regions where we work have greater and better access to education.

Our education initiatives have reached close to 1500 people including children, teen and adults.

The Education Programme fully implemented by the Luker Foundation resulted in the following achievements in 2018 and 2019 in 6 centres of the Caribia Educational Institution in Necoclí:

-Implementation of the Aprende programme designed to identify, implement and evaluate educational innovations to strengthen the language and mathematical competencies of primary school students. The Chocolate Dream included teacher training and support, the design and provision of educational materials, tutoring for students with greater difficulties, and advice for parents to help improve their children's learning at home, among other things.

-Implementation of the Escuela Activa programme designed to contribute to improving the quality of education from pre-school to 11th grade through the incorporation of active pedagogies in the classroom, changing the traditional teaching model for one that provides more participation to students, achieving greater development of social and emotional skills. Students "learn to learn" through an active, participatory and collaborative process, also developing skills such as leadership, communication, creativity, autonomy, and research, among others.

- Implementation of the Universidad en Tu Colegio programme designed to facilitate access to technical and technological training programmes for rural youth in Caribia - Necoclí. The programmes are relevant to the needs of the rural business sector and are developed while the students are in 10th and 11th grade. Instead of the students moving, it is the higher education teachers that do so, while the students remain in the schools. In 2019, 61 students were trained as Administrative Assistants and Marketing and Sales Technicians.

-Implementation of the Adult Education programme designed to offer adults a basic primary or basic secondary education. Twenty-six adults graduated in 2018 and 53 in 2019.

During this period, other complementary courses were offered to the Necoclí community:

-Building of tools to promote Cocoa Production Respecting Human Rights

-Improved management of personal, Household, business and personal finances and managment

-Use of Financial Tools for Small business.

3.4.10 STRENGTHENING CULTURAL IDENTITY AROUND COCOA

The community of Caribia, Necoclí, experienced a new start with the arrival of Luker Chocolate's cocoa plantation. To celebrate this, the community decided to make use of its rich history, as the first settlement in the area, which still preserves its great ethnic diversity. This is how the "Cocoa Festival" was born, creating roots in the territory and in the productive activity, where the impact of cocoa on the lives of the inhabitants is celebrated. This community initiative, which also includes tourism and landscaping, has resulted in the following achievements:

-Ecological tourism technicians have been trained to promote the opportunity to project Caribia on the Necocli tourist route.

-The houses in Caribia were painted together with the community, using bright and representative colours, to make them more attractive to tourists. One hundred families benefited, as well as the school, the community centre, the nursery and the children's parks. Twenty young people from the community were trained as painting technicians.

3.4.11 COCOA, FORESTS AND PEACE INITIATIVE: JOINING EFFORTS TO REDUCE DEFORESTATION

Deforestation is one of the most serious environmental problems that the planet faces today. According to the Food and Agriculture Organization of the United Nations (FAO), some of its causes are the development of an expanded and unsustainable agricultural system and the intensive exploitation of wood. A study by the International Center for Tropical Agriculture (CIAT) affirms that, between 2005 and 2017 more than 1.5 million hectares of forest were lost in Colombia. Most of this deforestation took place in regions of the country that for decades have been affected by the armed conflict and illicit crops, mainly in areas with agro-ecological potential for cocoa production, such as the Amazon region. However, the country is taking action to reverse this trend. In Colombia, cocoa cultivation has been an ally in the substitution of illicit crops. During the last ten years, its production has grown considerably, from 36,118 tons in 2009 to 59,740 in 2019. According to the study, this increase is not related to the causes of deforestation in the country.

In 2016, the Government of Colombia signed the Peace Agreement. Within the government action plans considered as part of the post-conflict framework, cocoa became not only relevant but also a key factor as an alternative to crops for illicit use in the country.

The scheme, called the ‘Cocoa, Forests and Peace Initiative’, (in honor of cocoa’s role in advancing the historic peace process by providing rural employment to farmers and communities previously involved in the conflict), was born in 2017 as a public-private alliance aimed at promoting productive projects with zero deforestation. These projects take part in the protection and restoration of forests within the cocoa supply chain and contribute to peace-building in Colombia.

This strategy is framed within the Global Cocoa & Forests Initiative, led by the World Cocoa Foundation (WCF) and the Sustainable Trade Initiative (IDH), who signed the Agreements with the governments of Ghana, Ivory Coast and the main cocoa producing and trading companies in the world. Colombia is the first country in Latin America to join this global initiative. In July 2018, Luker Chocolate was the first private sector company to sign the Cocoa, Forest and Peace Initiative, aware of the challenges they faced in Colombia and their context.

Cocoa, Forest and Peace is focused on the PDET municipalities (Development Plans with a Territorial Approach), located in areas such as Alto Córdoba, Bajo Cauca Antioqueño, Sur de Bolívar, Nariño and the Amazon foothills.

This action plan will be developed for ten years and will be led by the Ministry of Environment and Sustainable Development, the Ministry of Agriculture and Rural Development, the cocoa industry, represented by Luker Chocolate and the National Federation of Cocoa Producers (Fedecacao); the Sustainable Trade Initiative (IDH) and the World Resources Institute (WRI), with the support of the World Cocoa Foundation.

During that period of time, in addition to the milestones and planned activities, the action plan seeks to achieve five strategic results by 2030:

1. Cocoa production models with zero deforestation.

2. Financial instruments that consolidate cocoa models with zero deforestation.

3. Monitoring, verification and traceability systems.

4. Strengthening cocoa institutions for forests and peace.

5. Communication and transparency strategies.

Given that cocoa is grown in over 80% of Colombia’s regions, Cocoa, Forest and Peace is heading to be a milestone in itself. The commitment to restore more than 1,400,000 hectares throughout the national territory, is key to reverse the degradation of the land and contributes to the overall sustainable development of rural communities in the country.

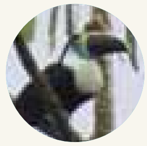
3.4.12 PROTECTING BIODIVERSITY AROUND COCOA

[304-4]

In line with our objective to protect biodiversity in the regions we work with, in 2018 we hired a biologist to conduct an inventory of biodiversity in our farms. We succeeded to map the species inhabiting the territories; with this inventory we developed a comprehensive plan to safeguard these species and guarantee biodiversity. We describe the categories according to the IUCN classification; The IUCN Red List Categories and Criteria are intended to be an easily and widely understood system for classifying species at high risk of global extinction. It divides species into nine categories: Not Evaluated, Data Deficient, Least Concern, Near Threatened, Vulnerable, Endangered, Critically Endangered, Extinct in the Wild and Extinct.

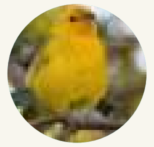
In our farm El Paraiso-Casanare we contribute to the knowledge about the diversity in the region of Casanare, but above all we create the basis for the design of management and conservation plans, we conducted a characterization of the wildlife: avifauna, herpetofauna and mammalian fauna, in the farm and two surrounding areas: Caños leche miel and Upia (gallery forests).:

Bird Guide: 127 bird species, of which 123 are Least Concern, 2 Near Threatened, and 2 Vulnerable.



White-throated toucan
Ramphastos tucanus
Categoría UICN: Vulnerable

Blackish-grey antshrike
Thamnophilus nigrocinereus
IUCN category: Near threatened



Saffron finch
Sicalis flave
IUCN category: Least concern

Amphibian and Reptile Guide: 16 amphibian species identified, 14 are Least Concern and 2 are Not Evaluated-. 24 reptile species identified, 15 are Not Evaluated, 8 of Least Concern LC, and 1 Vulnerable.

ANPHIBIANS

16 amphibian species identified

14 are least concern and

2 are not evaluated

REPTILES

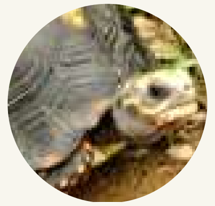
24 reptile species identified

15 are not evaluated

8 of least concern LC, and

1 vulnerable

Tiger-legged monkey frog
Pithecopus hypochondrialis
UICN Category: least concern



Red-footed tortoise
Chelonoidis carbonaria
UICN Category: Vulnerable

Guide to Medium and Large Mammals: 6 carnivorous species identified, 5 are Least Concern and 1 Near Threatened. 6 species of Rodentia, all Least Concern. 3 species of primates identified, all Least Concern. 2 pilosa species identified, 1 is Least Concern and 1 is Vulnerable. 1 artiodactyl species identified in the category of least concern 1 didelphimorphia species identified, Least Concern, and 1 cingulate species identified, Least Concern.

CARNIVORE

6 carnivorous species identified

5 are Least Concern and

1 Near Threatened

RODENTIA

6 species of Rodentia identified in the IUCN category of least concern

PRIMATES

3 species identified in the UICN category of least concern

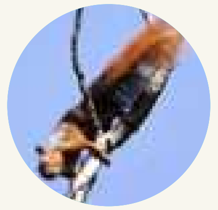
PILOSA

2 pilosa species identified

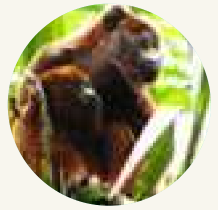
1 is Least Concern and

1 is Vulnerable

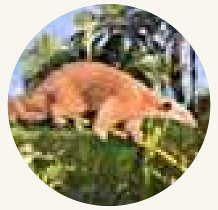
Crab-eating fox
Cerdocyion thous
UICN Category:
least concern



Squirel
Sciurus vulgaris
UICN Category:
least concern



Howler monkey
Alouatta seniculus
UICN Category:
least concern



Southern tamandua
Tamandua tetradactyla
UICN Category:
least concern

ARTIODACTYL

1 artiodactyl species identified in the category of least concern

CINGULATE

1 cingulate species identified in the category of least concern

DIDELPHIMORPHIA

1 didelphimorphia species identified in the category of least concern

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Necoclí Bird Inventory: In Necoclí we update the Bird Inventories and we celebrate the October Big Day and the Global Big Day, in both with lookouts committed, that also keep updating the inventories as volunteers.

OCTOBER BIG DAY (OBD)

October **6** 2018

15 collaborators from the Necoclí crop

96 species recorded in our Necoclí crop

GLOBAL BIG DAY (GBD)

Year **2018**

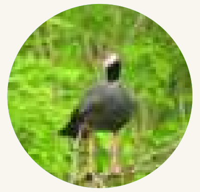
20 collaborators from the Necoclí crop

97 species recorded in our Necoclí crop

Year **2019**

1 Biologist

113 species recorded in our Necoclí crop

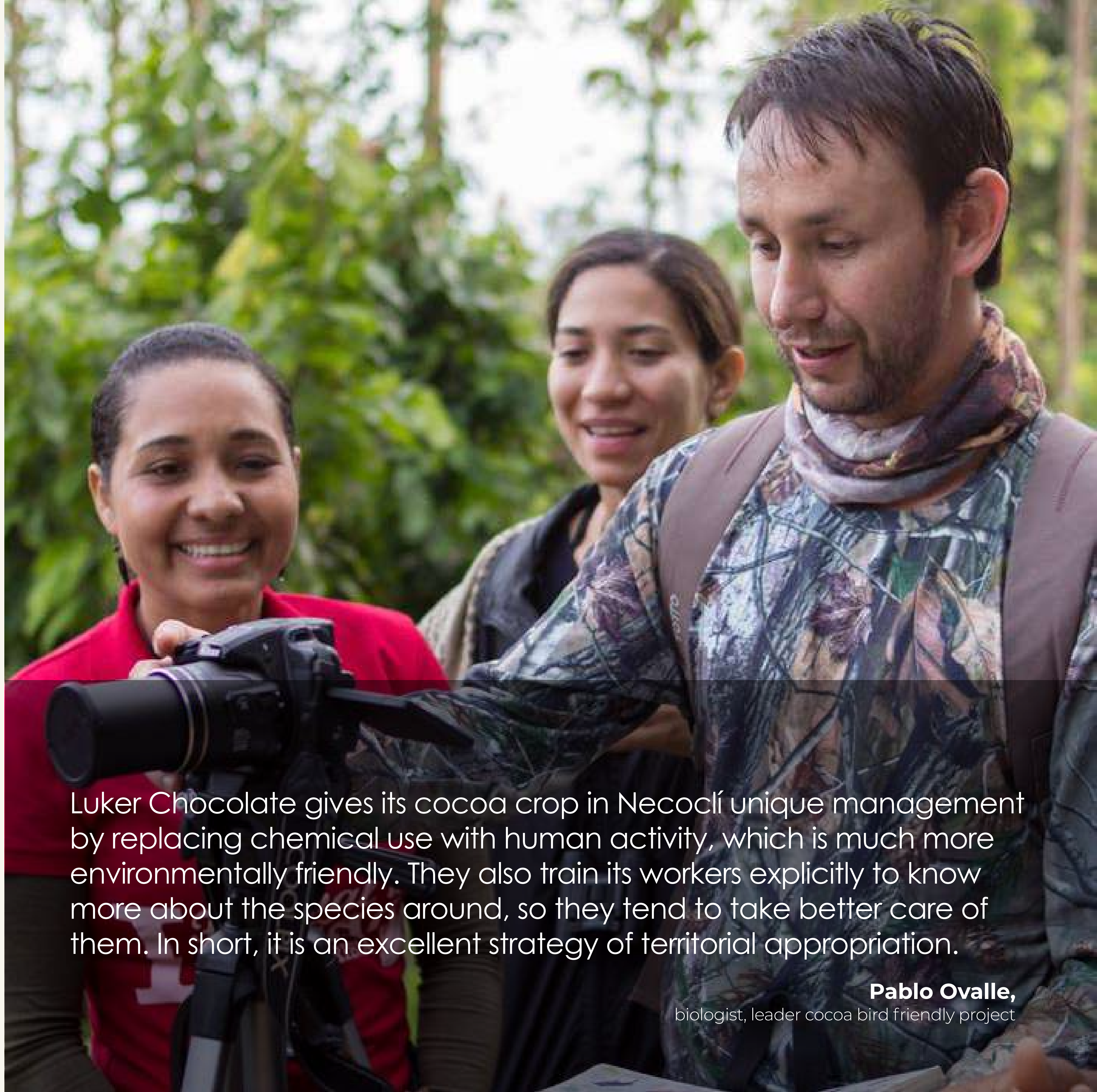


Long-winged harrier
Circus buffoni
Critically endangered in Colombia

Southern mealy amazon
Amazona farinosa
Category NT internationally

Large-billed seed finch
Sporophila crassirostris
Sensitive species

Chestnut-winged chachalaca
Ortalis garrula
Endemic species



Luker Chocolate gives its cocoa crop in Necoclí unique management by replacing chemical use with human activity, which is much more environmentally friendly. They also train its workers explicitly to know more about the species around, so they tend to take better care of them. In short, it is an excellent strategy of territorial appropriation.

Pablo Ovalle,
biologist, leader cocoa bird friendly project

3.5 GENUINELY SUSTAINABLE

INNOVATION THROUGHOUT OUR VALUE CHAIN

Innovation is essential for Luker Chocolate to stay ahead in an environment that is highly dynamic and competitive and is a driving force of our sustainability objectives with our integral value chain approach, means that we are constantly researching for ways to make our products and services better for consumers, farmers and their communities, and the environment, thus strengthening our business strategy in the long term.

With this objective in mind, during the 2018-2019 we have undertaken the following initiatives:

3.5.1 IMPACT THROUGH NEW PRODUCTS DEVELOPMENT

Many of our new product developments are being conceptualized and designed with a social mission in mind: from sugar-free chocolates enhanced with fiber and proteins to formulations with functional ingredients that seek specific nutrition improvements, given the powerful antioxidant capability of cocoa. Therefore, we are always reviewing multiple ingredients that can accompany our chocolates to enhance their health while keeping their indulgent quality. Our strength is based on single-origin dark chocolates. During 2019, our innovation team developed two products:

Beau Cao: A product developed from VitalCao, a line of Luker Chocolate's functional ingredients offering cocoa powders with the best benefits derived from cocoa. After 11 years of intense research, we developed a unique production method, patent-pending, where we control post-harvest practices (fermentation and drying) and the industrial process to obtain antioxidants from cocoa. One of VitalCao's most substantial innovations is its ability to protect the body's cells from UV rays. The antioxidant properties of VitalCao prevent the formation of free radicals triggered by exposure to ultraviolet rays. Beau Cao's formula helps protect cells up to 60% more than regular chocolate, which means your body is protected from the sun's rays from within. It also reduces inflammation that may occur in skin tissues by up to 26% more than regular chocolate.

Protein pud: An instant soy protein pudding sweetened with stevia that doesn't need refrigeration. A perfect, quick to prepare, healthy, delicious, and satisfying snack. With its innovative formulation, all you have to do is add a little cold water to obtain your desired texture. It is a plant-based product, so it is suitable for vegans. Also, it provides calcium, a complex of vitamins such as vitamin A, vitamin B2, vitamin B12, and minerals such as iron, zinc, and copper.

[102-10]

3.5.2 INDUSTRIAL AND LOGISTICS MASTER PLAN

With this project, we were able to increase industrial, infrastructure and service capacities, as well as to balance and optimise what already existed, significantly reducing our production costs. This helps us to specialise in manufacturing dark and milk chocolates, increasing our production capacities.

An investment of COP $49,751 million was made to improve our production plantfollowing objectives:

- Generate areas and infrastructure for the production of real chocolates.
- Expand the capacity for preparing real chocolates.
- Improve the balance of the production lines.
- Improve storage capacity.
- Optimise production costs.

3.5.3 CARBON FOOTPRINT AND WASTE REDUCTION

In sustainable purposes this Master Plan improved the gas consumptions with the renewal of the equipment and the optimization of the processes, reducing the carbon footprint from 125.3 to 115.1 kg CO2/liquor MT; and decreasing the generating waste from 45 to 37 kg/liquor MT.

A human talent development and digital transformation plan was drawn up to complement this.

Carbon footprint reduction

from **125.3**

to **115.1** kg CO2/liquor MT

[102-55]

GRI CONTENT

GRI	NAME	LOCATION IN THE REPORT
102-1	Name of the organisation	p. 3
102-2	Activities, brands, products and services	p. 13
102-3	Headquarters location	Calle 13 N° 68-98. Bogotá D.C.
102-4	Operations location	p. 12
102-5	Ownership and legal status	Luker Chocolate is a business unit within CASALUKER S.A
102-6	Markets served	p. 12
102-7	Size of the organisation	p. 12
102-8	Information on employees and other workers	The scope of outsourcing is framed in maintenance activities and construction of new infrastructure in specialties such as: civil, electrical, electronic and industrial services; cargo transport services; loading and unloading of goods; customs brokerage; food service; cleaning service; pest control service; surveillance service.
102-9	Supply chain	p. 42
102-10	Significant changes in the organisation and its supply chain	p. 16 - p. 80

102-11	Precautionary principle or approach	We conduct systematic and timely management of our risks applying the defined guidelines in the organisational processes. Our risk management model also includes a set of policies, controls and standards to guide our organisational processes towards fulfilling the promise of value.
102-12	External initiatives	p. 39
102-13	Association memberships	p. 39
102-14	Statement from senior decision makers	p. 8
102-15	Main impacts, risks and opportunities	p. 41
102-16	Values, principles, standards and rules of conduct	p. 22
102-18	Governance structure	p. 31
102-20	Responsibilities at executive level	p. 32 , p. 33
102-40	List of stakeholders	p. 34
102-41	Collective negotiation agreements	Currently, there are no collective agreements because there has been no need to implement them. However, we aim for a good working environment and to strengthen the relationship with our collaborators. We also strive to continuously improve current conditions through initiatives channelled through the Coexistence Committee.
102-42	Identification and selection of stakeholders	p. 34
102-43	Approach to stakeholder engagement	p. 34

102-44	Key issues and concerns mentioned	p. 41
102-45	Entities included in the consolidated financial statements	Luker Chocolate
102-46	Definition of the contents of the reports and the coverage of the subject	p. 4
102-47	List of material issues	p. 4
102-48	Re-expression of information	Not applicable, as no previous reports have been prepared.
102-49	Changes in reporting	Not applicable, as no previous reports have been prepared.
102-50	Reporting period	p. 4
102-51	Date of last report	Not applicable, as no previous reports have been prepared.
102-52	Reporting Cycle	Two-yearly
102-53	Contact point for queries about the report	p. 3
102-54	Statement of compliance with GRI standards	p. 4
102-55	GRI Table of Contents	p. 83
102-56	External verification	Not verified externally.
201-1	Direct economic value generated and distributed	p. 14

202-1	Ratio of standard entry level wage by sex to local minimum wage	p. 24
203-2	Significant indirect economic impacts	p. 51
204-1	Proportion of spending on local suppliers	Distribution of our purchases: Year 2018: International purchases*: 43% / Domestic purchases: 57% Year 2019: International purchases*: 22% / Domestic purchases: 78% *Corresponds to materials of manufacturing origin and/or international purchase.
205-1	Operations assessed for corruption-related risks	We have an Anti-Fraud and Anti-Corruption Policy and we evaluate 100% of the operations that are controlled by the company's Security Area.
206-1	Legal actions related to unfair competition and monopolistic and anti-competitive practices	At Luker Chocolate, the base purchase price of cocoa beans is established according to the behaviour of cocoa prices on the New York Stock Exchange and the TRM of the dollar in Colombia, and is therefore modified every week. Training is also provided by the Legal Department and there is a Price Setting Committee to ensure that there are no cases of unfair competition, monopolistic practices or acts that affect free competition.

301-1	Materials used by weight or volume	In 2019 we bought 300,362 tons, of which 99.82% are non-renewable materials.
302-1	Energy consumption within the organisation	Consumption in Gigajoules (GJ) **Year 2018: Electric Energy: 34,289 GJ / Natural Gas: 42,283 GJ / ACPM: 198 GJ** **Year 2018: Electric Energy: 35,635 GJ / Natural Gas: 42,552 GJ / ACPM: 77 GJ**
303-5	Water consumption	In 2018, consumption was 25.8 megalitres. While in 2019 it was 26.2 megalitres. The consumption per ton per month for both years was very similar, however, it was around 3% above the target, mainly due to the refurbishment works for the Master Plan. We believe that the management of this resource is fundamental to avoid or mitigate the possible impacts that may be generated, and this is why we have a water control, saving and efficient use programme, as well as the optimisation of the processes involved in its treatment.

304-4	Species on the IUCN Red List and on national conservation lists whose habitats are in areas affected by the operations	p. 74
305-1 305-2 305-4	Direct GHG emissions (Scope 1)	In order to evaluate the state of the company in terms of climate change, in 2019 it began with the planning and execution of the Greenhouse Gas (GHG) calculation. CO2, CH4, N2O, HFC, SF6 gases were included in the calculation and the main sources are from the IPCC and GHG Protocol, and tools from this same methodology were used. **Emissions Tons of CO2 equivalent:** **Scope1: 2017: 2,738.75 / 2018: 2,564.37 / 2019: 2,483.37** **Scope 2: 2017: 968.42 / 2018: 1,047.73 / 2019: 1,088.85** **CO2 emission intensity per kg CO2 eq/tonne of liquor eq** **2017: 12.63 / 2018: 11.26 / 2019: 11.51**
306-2	Waste by type and disposal method	ParaBy 2019, we reduced our total waste generation by 17.1% thanks to the strengthening of separation at source, waste utilization, and process optimization strategies in order to reduce losses. Non-hazardous waste: in 2018, we generated 1,377 tons, while in 2019 this was reduced by 17.6% to 1,134 tons. Year 2018: Usable Materials 39.9%, Recyclable Materials 27.1%, Ordinary Waste 26.2%, Organic Waste: 6.5% Year 2019: Usable Materials 27.1%, Recyclable Materials 30.4%, Ordinary Waste 31.6%, Organic Waste: 9.8% Hazardous waste: in 2018, we generated 5.5 tons, while in 2019 it was 11.8 tons; a considerable increase due to maintenance plans and plant adaptation. Year 2018: Sterilisation by autoclave 40.7%, Safety cell: 32.5%, Used oil filtration: 15.7%, Incineration: 6.3%, Controlled destruction: 3.3%, Use: 1.2%, Controlled thermo-destruction: 0.3%, Bioremediation: 0% Year 2019: Autoclave sterilisation 18%, Safety cell: 45.4%, Used oil filtration: 20.9%, Incineration: 0.6%, Controlled destruction: 0.6%, Exploitation: 12.5%, Controlled thermo-destruction: 1.4%, Bioremediation: 0.5%
307-1	Non-compliance with environmental legislation and regulations	In 2018 and 2019, the organization was not fined or penalized for non-compliance with environmental laws or regulations.

308-1 414-1	New suppliers that have passed selection filters according to environ-mental criteria	We have procedures to ensure that CasaLuker's strate-gic partners and their businesses comply with all the guidelines of our comprehensive management system (technical, safety, quality, legal, occupational health and safety, and competitiveness). We also encourage our suppliers to join initiatives of social and environ-mental programs promoting the triple impact
401-1	New recruitment and staff rotation	In 2018, recruitment included 64% men and 36% women, of which 63.3% were under 30, 36.3% between 30 and 50 and 0.4% over 50. In 2019, recruitment included 72% of men and 28% of women, of which 61.8% were under 30, 37.9% between 30 and 50 and 0.3% over 50.
402-1	Minimum notice periods for operational changes	Strategy, communication plans, and specific activities are established according to the organizational change, in order to inform or consult our staff and stakeholders in a timely manner.
403-8	Workers covered by an occupational health and safety manage-ment system	The LUKER CHOCOLATE Occupational Health and Safety Management System (OSHMS) applies to all workers di-rectly linked through temporary contracts, apprenticeship contracts and others established by law, covering the dif-ferent positions and work centres, and operations areas.
404-1	New employee recruit-ment and staff turnover	p. 27

405-1	Diversity in governing bodies and employees	p. 26
405-2	Ratio of basic sala-ry and remuneration: women vs. men.	p. 26
408-1	Operations and suppli-ers with significant risk of child labour	Our Human Rights Policy includes the Measures for pro-tection against child exploitation guidelines. In Colombia there is not risk of Child Labour in the cocoa activity.
409-1	Operations and suppli-ers with significant risk of forced or compulsory labour	In accordance with our Human Rights Policy, under no circumstances will we tolerate harassment at work, nor child or forced labour, or work in conditions that threaten health and safety.
410-1	Security personnel trained in human rights policies and procedures	100% of Luker Chocolate's security personnel are trained in human rights policies and procedures.
411-1	Cases of violations of the rights of indigenous peoples	No indigenous violations cases has been identified, we behaive with not discrimination
412-2	Training of employees in human rights policies and procedures	Human Rights training for 100% of our staff
413-1	Operations with local community participa-tion, impact assess-ments and development programmes	p. 60

The Chocolate Dream