

SUSTAINABILITY REPORT

2020 • 2021



ALONE WE GO
FASTER **BUT TOGETHER**
WE GO FURTHER

LUKER
Chocolate[®]

CONTENTS

SECTION 4

The Chocolate Dream. Creation of shared value

- 4.1 Our anchor model. This is how we collaborate with the territory pg.21
- 4.2 Stories of chocolate collaboration and trust pg.30

¿WHAT ARE WE BETTING ON?

ECONOMIC DIMENSION OBJECTIVES

Stories of how we improved the small cocoa farmers' quality of life pg.31

SOCIAL DIMENSION OBJECTIVES

Stories that strengthen the social fabric through education and entrepreneurship pg.37

ENVIRONMENTAL DIMENSION OBJECTIVES

Stories of environmental balance pg.46

SECTION 5

Responsible Sourcing

How do we generate impact and sustainability from our sourcing process?

- 5.1 Luker Chocolate's value chain pg.55
- 5.2 Our most important ingredient: cocoa pg.56

SECTION 6

Diversity, inclusion, equality and professional development and well-being

- 6.1 A look into diversity and inclusion at Luker pg.62
- 6.2 The chocolate team pg.65
- 6.3 We grow alongside our employees pg.67
- 6.4 Passionate for a better future pg.68

SECTION 7

Climate change mitigation and adaptation

- Luker, carbon neutral by 2030 pg.71

SECTION 8

Building together a more humane, and more sustainable planet

- pg.74

SECTION 9

This is how we measure our impact

- pg.76

SECTION 1

We advance in our purpose of making chocolate a tool for change

- 1.1 We join efforts around chocolate to transform the world pg.04
- 1.2 Cocoa in Colombia pg.05

SECTION 2

The organization that allows us to generate positive impact through chocolate

- 2.1 Our dream team, our dream company pg.08
- 2.2 We work with a positive impact purpose pg.12

SECTION 3

The most important and relevant subjects for our organization

- 3.1 This is how we prioritize impact pg.15
- 3.2 Committed to the future pg.18



SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

SECTION 8

SECTION 9

1. WE ADVANCE IN OUR PURPOSE OF MAKING CHOCOLATE A TOOL FOR CHANGE



1.1

WE ADVANCE IN OUR PURPOSE OF MAKING CHOCOLATE A TOOL FOR CHANGE

Five years ago, I took on the challenge of leading Luker Chocolate. From that moment on, it was clear that my role was to implement a broad and robust vision of the impact we generate as a company, not only for customers and final consumers but for all stakeholders who, in one way or another, have a relationship with the brand.

I quickly understood that we could not do that alone. To be a truly sustainable organization that generates well-being, it is essential to place collaboration at the center of all our efforts, which is what I have tried to promote as a leader. Invite, as equals, cocoa farmers, associations, suppliers, allies, and clients, to build a collective vision around chocolate. We take into account the needs, expectations, and dreams of each one, and work together to make them a reality.

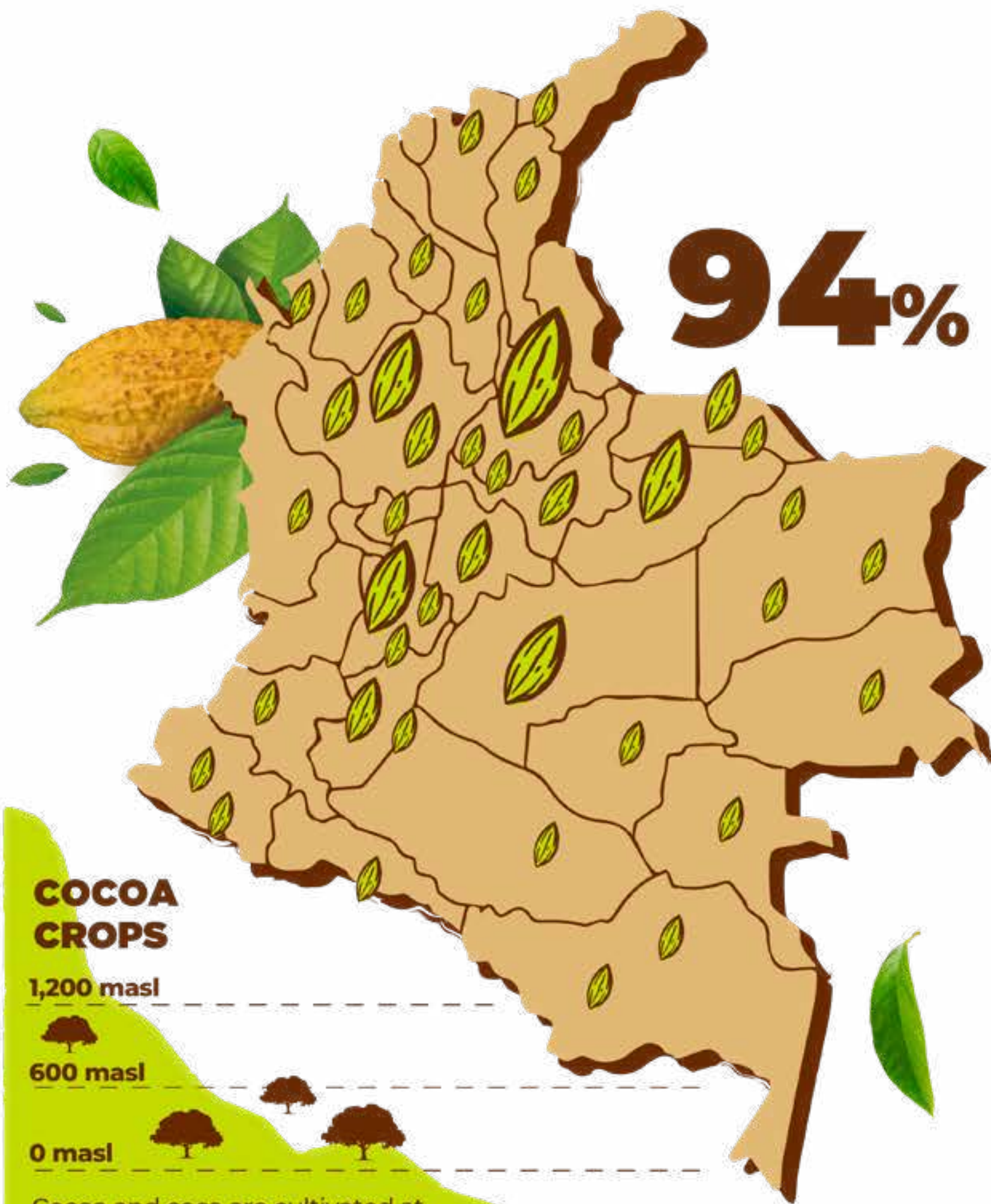
The results that we present below are based on a series of strategies and programs that form a comprehensive look of our entire value chain. We have joined efforts to improve the quality of life of the communities in which we have a presence, protect Colombian ecosystems and biodiversity and be transparent in each step of our management to transform cocoa into chocolate of the highest quality.



CAMILO ROMERO
CEO Luker Chocolate

1.2

CHOCOLATE IN COLOMBIA



COCOA CROPS

1,200 masl

600 masl

0 masl

Cocoa and coca are cultivated at the same altitude. Between 0 y 1,200 meters above sea level.

ILLICIT CROPS BRING

- Forced labour
- Deforestation
- Child labour
- Displacements

SINCE 2005, 2,000,000 PEOPLE HAVE MIGRATED FROM COUNTRYSIDE TO THE CITIES

IT'S AS IF THE ENTIRE POPULATION OF PARIS DECIDED TO LEAVE THE CITY

ARMED CONFLICT

Colombia has had a conflict for more than 50 years, influenced by illicit crops that generate violence around the control of certain territories. This conflict directly affects communities.



94%

REGIONS IN COLOMBIA THAT GROW COCOA

190,000

HECTARES OF COCOA CROPS

69,000

TONS PRODUCED IN 2021



FAMILY BUSINESS

52,000 FAMILIES CULTIVATE COCOA

► The cocoa crop is combined with other complementary crops.

► On average, families own 3 hectares. Each hectare produces approximately **414 kilos of cocoa on an annual basis.**

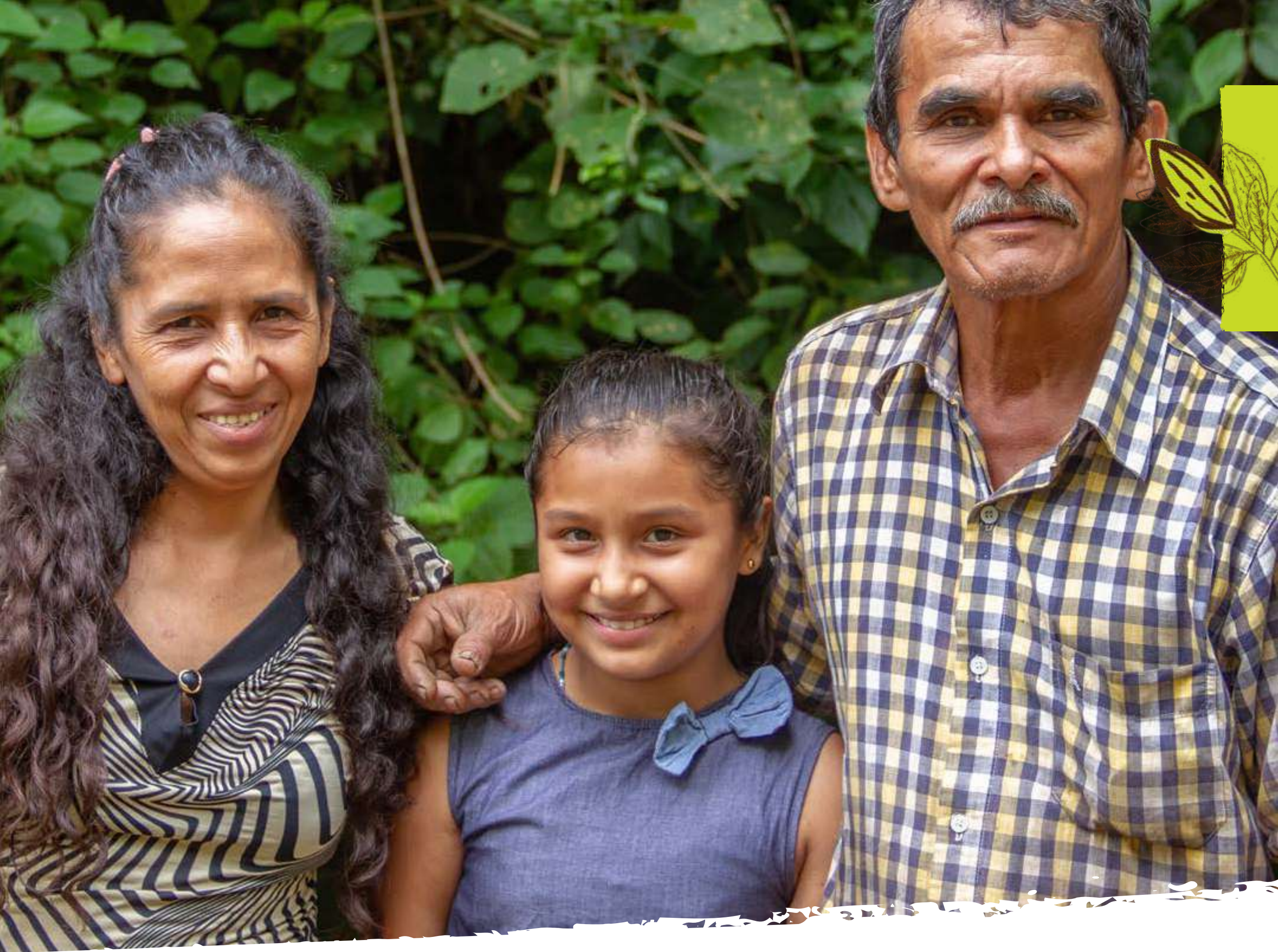
► On average, cocoa families receive an annual income of **2,900 USD per family**

► On average families are composed of **3 or 4 people.**

OUR COCOA

is a productive alternative for communities in peace building territories. **It gives independence and resilience.** Cocoa producers reject violence, forced displacement and isolation.





In Luker, our mission is to make the world a better place by helping other companies create products with purpose, therefore using our chocolate as a tool for change.

In Colombia, these benefits reach far into the transformation chain, from the tables of consumers around the world to the lands of the **52,000 families of cocoa farmers who dedicate their time, energy and knowledge to take care of the fruit of the cocoa tree.** Cocoa is present in almost the entirety of Colombian territory: there are 190,000 hectares of cocoa planted in 94% of the country's regions, and historically it has been a productive alternative in peace-building territories, so **the history of cocoa is deeply linked to Colombian history.**

COCOA'S HISTORY IS INEXTRICABLY LINKED TO COLOMBIAN HISTORY.

Casa Luker is a Colombian company with more than **110 years of history**, passionate and committed to the progress and needs of Colombian families. Aligned with our purpose, this report is a comprehensive look at what Luker Chocolate, Casa Luker's B4B business unit, has been doing in its constant search to generate well-being in the communities that intervene in the creation of the chocolate that reaches consumers in more than 40 countries, making sure it is made with integrity, transparency and respect.



SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

SECTION 8

SECTION 9

2.

SECTION

THE ORGANIZATION THAT ALLOWS US TO IMPACT POSITIVELY THROUGH CHOCOLATE

2.1

OUR DREAM TEAM

OUR DREAM COMPANY



Casa Luker is a family-owned chocolate business, of international stature and 100% Colombian capital. Since 1906, we have dedicated ourselves to bringing happiness and tradition to Colombian homes and the more than 40 countries where we sell our chocolate.

OUR ORGANIZATIONAL STRUCTURE

THESE ARE OUR BUSINESSS UNITS



LUKER Chocolate

LUKER CHOCOLATE:

Our business unit that integrates our value chain under a B4B international model. This means that we help our clients grow and have more success thanks to the development of unique chocolates that serve as ingredients or finished products of other companies.

LUKER Colombia

LUKER COLOMBIA:

This is our business unit focused on CPG in Colombia, both in the manufacturing and distribution of allied brands. Its purpose is to deliver Colombian products that enrich people's lives and positively impact society and the environment.

LUKER Agrícola®

LUKER AGRÍCOLA:

is a company dedicated to the cultivation of palm oil and cocoa with a trajectory in different regions of Colombia, where it strives to encourage sustainable development within the company and the surrounding communities.

LUKER Soluciones

LUKER SOLUCIONES:

our shared unit of services with other businesses, focused on support processes (procurement, technology and information, and finance).



FUNDACIÓN LUKER:

is a non-profit organization that creates and promotes social innovation solutions for development and equity through solid public, private and academic alliances, all with the purpose to contribute to a quality public education, entrepreneurship as a motor for economic development, sustainable rural growth and social inclusion. Luker Foundation counts with an independent capital and executive team, which allows us to guarantee good governance and align the positive impact strategies spread throughout the territory.



LUKER CHOCOLATE'S GOVERNANCE STRUCTURE



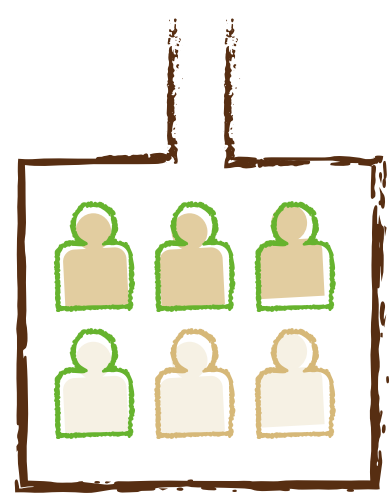
At Luker Chocolate, we have a **governance structure that guarantees that the most relevant issues of the organization in terms of business model, sustainability, and triple impact are materialized** along our entire cocoa and chocolate value chain.

THIS STRUCTURE IS CONFORMED BY:



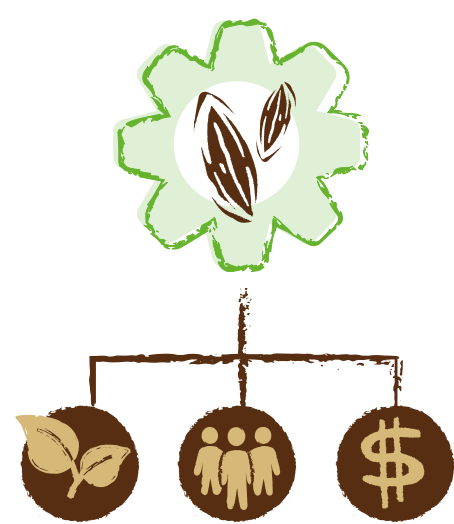
THE SHAREHOLDER'S ASSEMBLY:

it is composed by **the founding family**; it is the **highest social body of the organization**, and its decision making is framed in a triple impact vision: economic, social and environmental well-being for the country.



BOARD OF DIRECTORS:

Elected by the Shareholders' Assembly, it is made up of **6 members (3 primary and 3 alternates), of which 4 are shareholders**. Furthermore, at each meeting, which is held regularly, there is a guest who is not a member of the Shareholders' Assembly. The Board of Directors oversees the operations' compliance and ensures decision-making. The Steering Committee supports it.



STEERING COMMITTEE:

Is responsible for building decision-making capabilities and mobilizing sustainable and profitable growth. Within the Steering Committee is the Sustainability Committee, which is responsible for leading social, environmental, and economic actions. The chairman of this committee is not a member of the Board of Directors.



EXTERNAL AUDIT:

These are independent actors who are in charge of controlling and safeguarding organizational results.

THIS IS OUR OPERATION STRUCTURE

COMMERCIAL
OFFICES


United States


United Kingdom


Belgium



-  Luker cocoa purchasing points
-  Luker Agrícola's Crop
-  Administrative offices
-  Transformation and logistics operations centre
-  Granja Luker



2.2 WE WORK WITH A POSITIVE IMPACT PURPOSE

A chocolate bar **isn't just candy**. It has behind it the history of the cocoa farms that have taken care of the tree and harvested its fruits, of the soil that made its cultivation possible, and of all the individuals that worked every step of the way to transform cocoa into chocolate.

This is why for Luker to create high-quality chocolate there must be a set of practices in place that **guarantee the sustainability of our operation but also help us build a path toward a more regenerative culture**. We are no longer okay with neutralizing our impact: we want to make things better than how we found them.

This set of practices frames our triple impact strategy, which includes social, economic, and environmental initiatives. Making sure that **our operation prioritizes the enforcement of human rights**, treating cocoa farmers justly,

using the land respectfully, protecting the water and improving rural productivity are just a few of the premises that guide our day-to-day business making.

This report is a way to measure ourselves as an organization and analyze **whether what we have dreamed of for several years has materialized**. This is also an opportunity to reflect upon the lessons we have learned to continue generating well-being and value in the regions where we have a presence. It is an exercise in transparency, **because we know that, like us, many other people, organizations, brands and institutions are concerned about the origin and impact of the chocolate they share with their families**. That is why we want to open our doors so you can get to know the faces and stories of those who make it possible.

WE INCLUDE IN THE *BALANCED SCORECARD* STRATEGIC SOCIAL AND ENVIRONMENTAL OBJECTIVES WITH EQUAL IMPORTANCE AS OUR ECONOMIC OBJECTIVES





OUR SUSTAINABILITY PRINCIPLES



TRIPLE IMPACT VISION

We match social and environmental impact with economic impact. We have first-class indicators that make triple impact our finest business.

Our investment in sustainability corresponded to 5,57% of the EBITDA in 2021. It had an increase of 10% compared to the year 2020, taking into account that we amplified program execution in regions such as Tumaco, Caldas and Casanare, with a new process structure that allowed more contact with producers and communities.



WE ACT WITHIN THE FRAMEWORK OF HUMAN RIGHTS PROTECTION

We guarantee and fulfill human rights through the implementation of our human rights policy. This allows us to prioritize actions of non-discrimination, free expression and awareness, the guarantee of labor and environmental rights, protections against the exploitation of children, as well as anti-fraud and anti-corruption mechanisms throughout our chocolate chain.



TRANSPARENCY

We have put in place communication, measurement, and accountability mechanisms to share the results and impacts of our actions with all our employees, allies, clients and stakeholders.



3.

SECTION

THE MOST IMPORTANT AND RELEVANT ISSUES FOR OUR ORGANIZATION

SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

SECTION 8

SECTION 9



3.1

THIS IS HOW WE PRIORITIZE IMPACT

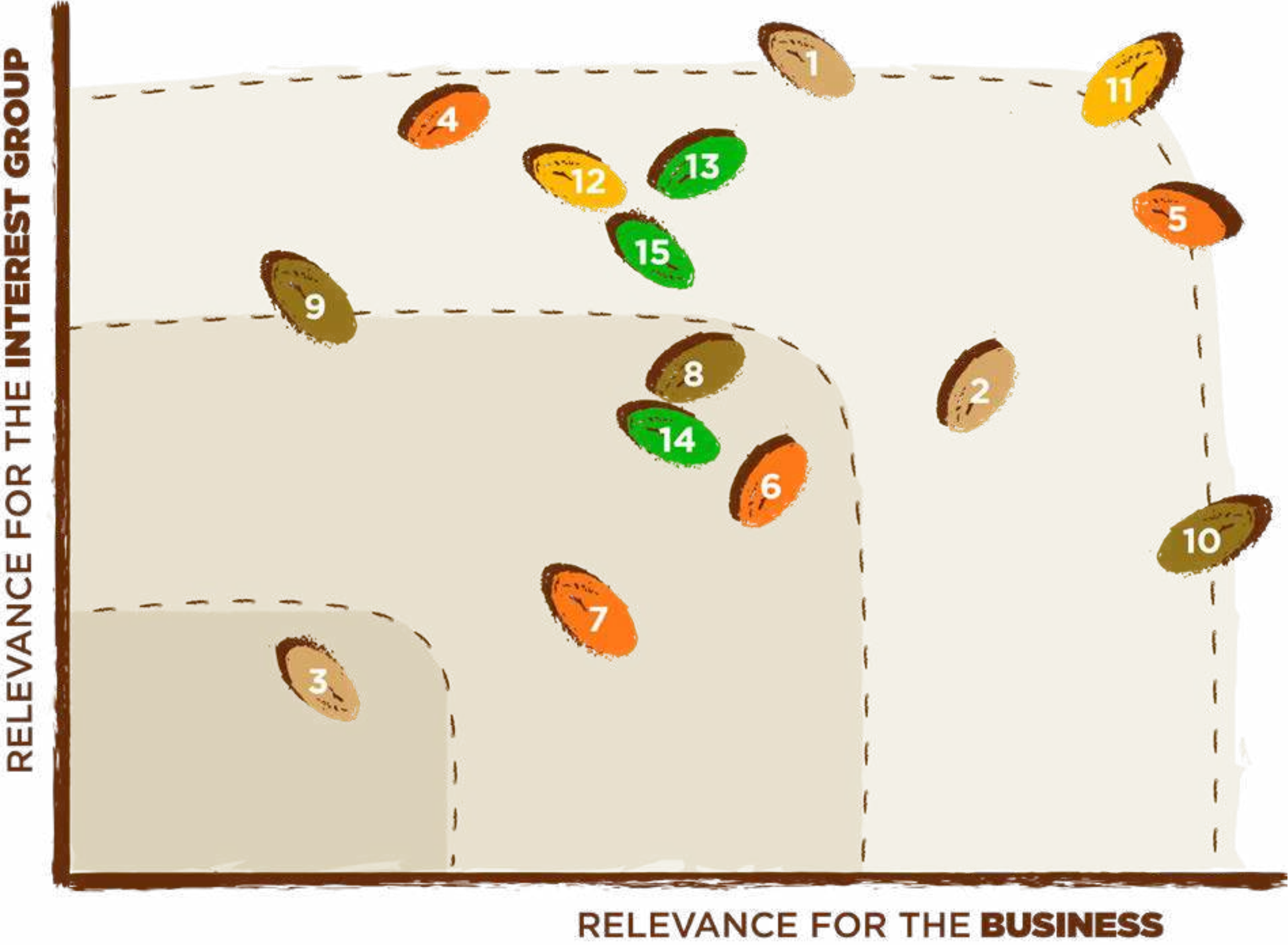
The common thread of this sustainability report is only one: **the collective generation of value for our different interest groups.**

This is the second time that we have carried out the materiality analysis exercise, responding to the constant change in the environment, the dynamics of the market, and the expectations of our interest groups. These factors, added to our ambition to be a certified B company, define our relationship with the different interest groups with which we interact on a daily basis.

As of 2021, we successfully achieved the necessary score to become a B company and thus begin the other stages of the certification process to mobilize the triple impact on the entire chocolate value chain.

The result is a priority map framed within five dimensions that informs our strategy towards a path of sustained growth: **bring well-being to the people that work with Luker Chocolate, help strengthen communities, have a closer relationship with our clients, and protect the environment, while maintaining proper business governance.**

OUR IMPACT MATRIX



EMPLOYEES

- 1. Development and well-being at work
- 2. Diversity, inclusion and equity
- 3. Health and security at work



CUSTOMERS

- 8. Innovation in services and products
- 9. Quality and food security
- 10. Corporate governance



ENVIRONMENT

- 13. Circular economy
- 14. Natural resources management
- 15. Mitigation and adaptation to climate change



GOVERNANCE

- 4. Ethics and transparency
- 5. Creation of sustained and shared value
- 6. Corporate governance
- 7. Digital transformation



COMMUNITIES

- 11. Responsible sourcing
- 12. Environmental management



Based on these dimensions, we found the 15 most relevant issues for our organization, which were consequently included in our strategy.

In this report, we will focus on the topics with the highest importance and a second-level emerging topic that, due to its relevance at a global level and for our organization, is essential to this report:

HIGHEST IMPORTANCE:

- 1. Creation of shared and sustained value
- 2. Well-being and development in the workplace
- 3. Diversity, inclusion, and equity
- 4. Responsible sourcing

EMERGENT

- 5. Climate change mitigation and adaptation

SUSTAINABLE DEVELOPMENT OBJECTIVES ASSOCIATED TO OUR IMPACT MATRIX

Although from our business model we generate a positive impact on different Sustainable Development Goals (SDGs), given the diversity of the interest groups that make part of our value chain, we have identified the most relevant to our sustainability strategy.



3.2

COMMITTED TO THE FUTURE

Our sustainability plan in this report is framed within the **broader vision** of what we dream Luker's legacy to be. To materialize this vision we created a **roadmap that includes several actions up to 2027** with economic, social, and environmental goals that will be updated at the end of every fiscal year. This is how we've done so far:

OUR GOALS TO 2027



INCREASE
1,500
cocoa farmers'
INCOME BY 20%

PROGRESS DURING 20/21:
490 cocoa farmers

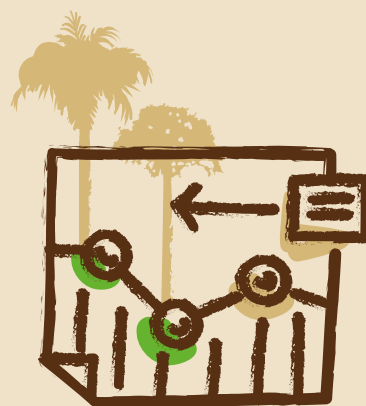


5,000
families

WITH IMPROVED QUALITY OF
LIFE CONDITIONS THROUGH
THE CHOCOLATE DREAM

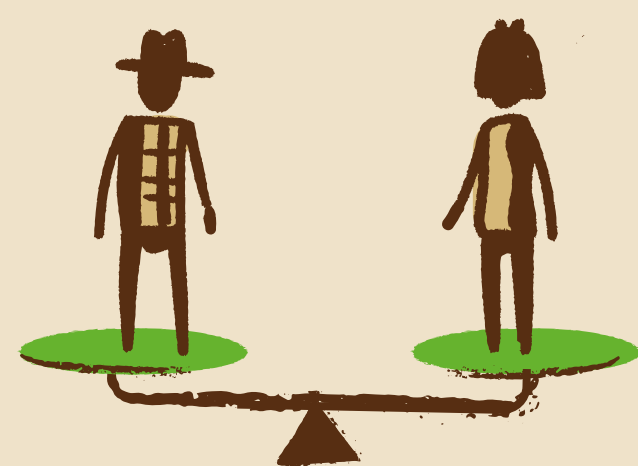
PROGRESS DURING 20/21:
2,349 families

IMPLEMENT A
TRACEABILITY SYSTEM
THAT ALLOWS US
TO GUARANTEE OUR
COMMITMENTS ON
SUSTAINABLE SOURCING:
- NO DEFORESTATION
- NO CHILD LABOR
- INCREASE PRICE
TRANSFER TO FARMERS



PROGRESS DURING 20/21:

- **100% of our cocoa is traceable to the association and/or the regional buyer.**



CLOSE GENDER GAPS,
by fulfilling at least 90%
of WEPs index

*The Women Environment Principles (WEPs) are a set of business practices that promote gender inclusion and empowerment.

PROGRESS DURING 20/21:
We committed to WEPs and diagnosed our base line with 33% progress



5,000
hectares

subject to environmental
protection measures.

PROGRESS DURING 20/21:
2,000 hectares

- **3.4% of the total cocoa purchased is traceable to the farmer with evidence of price transfer.**

- **1,397 traced farms with demographic and environmental metrics.**



SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

SECTION 8

SECTION 9

4.

SECTION

THE CHOCOLATE DREAM: CREATION OF SHARED VALUE



The Chocolate Dream is a story that began 5 years ago with a vision: **to transform the cocoa value chain in order to generate sustainable well-being in rural communities in Colombia.** This dream has collaborative work at its core because for chocolate to reach consumers, it first goes through **dozens of Colombian hands** that encompass our supply chain. Allies in the academy, clients, the non-governmental sector and the Colombian private company join our collaborative actions to build purpose and materialize a positive impact in the cocoa and chocolate value chain.

They join us in our efforts to **bring the essence of Luker Chocolate to life.**

The programs that we present below are the materialization of that dream. Through income diversification, increased productivity and direct trade strategies, we improve the income of small and medium producers. By promoting education, human rights and entrepreneurship, we strengthen the social well-being in the Colombian countryside; and by protecting biodiversity, water and forests, we generate balance with the environment. **This is The Chocolate Dream.**

**WITH THE
CHOCOLATE
DREAM WE HAVE
IMPACTED
POSITIVELY
MORE THAN
2,300 FAMILIES**





4.1

ANCHOR MODEL. HOW WE COLLABORATE WITH THE TERRITORY

Although Luker Chocolate's commitment is to bring well-being to all the regions where we are located, we have prioritized the regions where we can leverage our own farms and operations to work closely with local communities.

In this sense, for several years we have been developing a relationship model that allows us to work closely on the social, environmental and economic components of these territories. We call this our Anchor Model.





WE HAVE 6 ANCHOR AREAS IN ALL OF COLOMBIA FROM WHERE WE AMPLIFY OUR ACTION IN THE TERRITORY WITH THE NEIGHBORING COMMUNITIES AND FARMERS

Today that model is working in Necoclí, Bogotá, Caldas, Casanare, Huila and Tumaco. In these regions, we promote **meeting points on Luker farms and production plants** that allow us to share knowledge with cocoa farmers in each region, carry out environmental projects, and generate economic dynamics that go beyond the cocoa harvest.

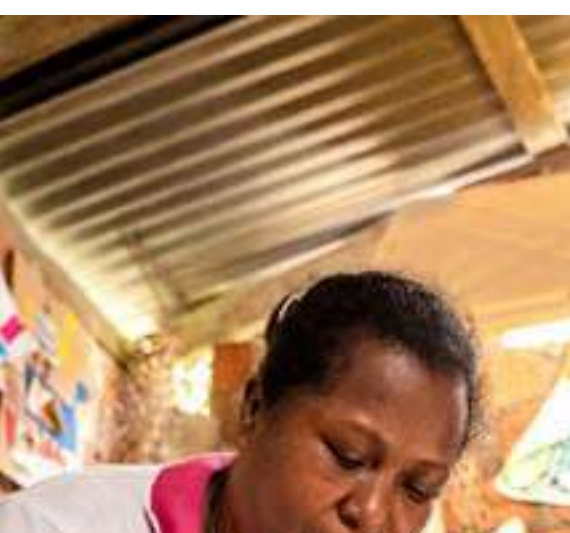
Let's start with **Necoclí**, for example. This is a place where **resilience and the development of soft skills** have been fundamental in overcoming the challenges related to the armed conflict that has harmed the region for many years. The main focus in Necoclí is community work, particularly in regard to increasing the income of surrounding communities by uplifting the productivity of cocoa crops

and complementary activities, as well as strengthening education so that it acts as leverage for a better future.



FROM NECOCLÍ, TUMACO, BOGOTÁ, HUILA, CALDAS AND CASANARE

WE MOBILIZE ENVIRONMENTAL, SOCIAL AND ECO- NOMIC METRICS OF SUCCESS



Tumaco, on the other hand, is facing many challenges resulting from a long history of violence and illicit crop cultivation. After withstanding long periods without any state presence, there are now multiple organizations, both public, private and non-governmental, making efforts to change the current paradigm. Therefore, our efforts there have centered around

promoting rural entrepreneurship, education for peace and youth participation in leadership processes within their communities.

Bogotá, is also an important territory for the generation of well-being from Luker Chocolate. This is where our choocolate factory is located and it holds great significance for our purpose of delivering well-being through our brand. Our main challenge there has been to involve all our collaborators in our triple impact vision, **promoting inclusion, diversity and environmental protection in our operations.**

In **Huila**, we find fertile land and people who are willing to work it. There what we do is encourage the perseverance **of 350 farmers and accompany 8 associations and 22 start-ups**, as well as protect the Tropical Dry Forest with reforestation actions and carbon capture through the cocoa crops.

In **Caldas**, where Luker Farm has been training farmers for many years, we have focused on the communities, encouraging music and art and promoting the cocoa culture in children and youth.

Lastly, **Casanare** is an eminent oil exploitation and palm oil production zone. Our work in the territory has centered in **buying directly from farmers and in the training of environmental guardians that help us protect the riverbed of the Upia river.** We also apply gender focus by imparting financial education to working women.



**OUR ANCHOR MODEL
IN ACTION**

**EL ROSARIO,
Necoclí, Antioquia**

**ENCOURAGE ECONOMIC
GROWTH**

- ▶ Encourage the productivity of 111 farmers in Urabá.
- ▶ Strengthen 4 cocoa associations in Urabá.

**BALANCE WITH
THE ENVIRONMENT**

- ▶ Create a drinking water supply.
- ▶ Train 80 community leaders in water management.
- ▶ Preserve 4 micro-basins in the influence zones.

**STRENGTHEN THE
SOCIAL WELL-BEING ON
RURAL COMMUNITIES**

- ▶ Accompany 66 rural entrepreneurs.
- ▶ Improve the quality of education for 656 students.
- ▶ Promote socioemotional skills for 480 families.
- ▶ Promote participation for 130 young people.
- ▶ Train 50 young people in agroecology.
- ▶ Infrastructure transformation for 2 educational institutions.
- ▶ Technical training in cacao for 3 high school institutions.

**Finca
El Rosario**



NECOCLÍ

**139
bird
species
REPORTED
DURING THE
2021 GLOBAL
BIG DAY**

**557
hectares
cultivated
with cocoa**



**GENERATES
MORE THAN
250 JOBS
DURING PEAK
HARVESTING SEASON**



OUR ANCHOR MODEL IN ACTION

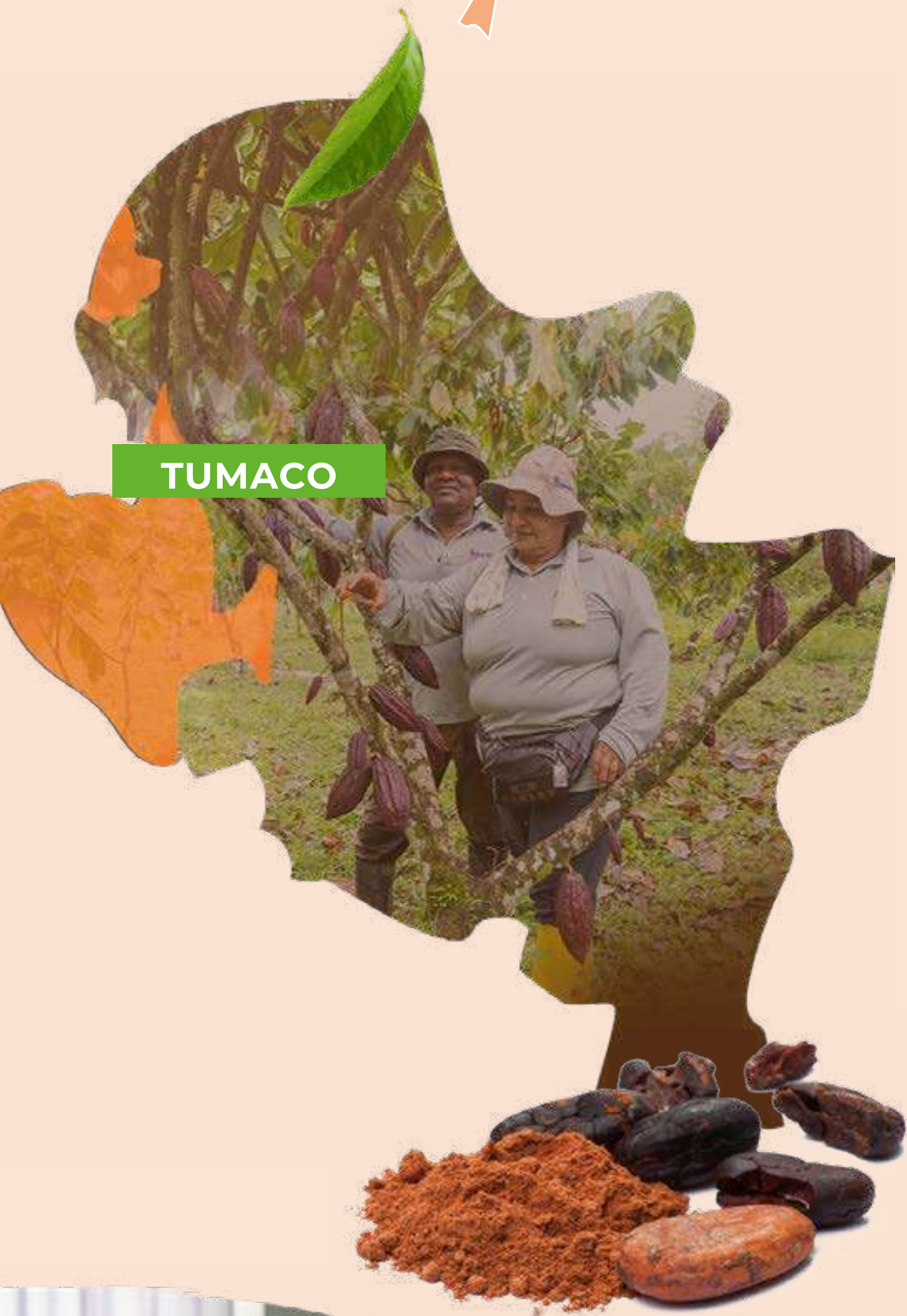
TUMACO, Nariño

ENCOURAGE ECONOMIC GROWTH

- ▶ Promote productivity of 105 farmers in Tumaco.
- ▶ Strengthen 3 cocoa associations in Tumaco.
- ▶ Create a Fermentation Facility led by women.
- ▶ Encourage a culture of quality cocoa commercialization in Tumaco.

STRENGTHEN THE SOCIAL WELL-BEING OF RURAL COMMUNITIES

- ▶ Encourage rural entrepreneurship in 50 young people and women.
- ▶ Educate in gender equality and family values in 3 associations.
- ▶ Encourage peace-based education in 3 educational institutions.
- ▶ Encourage participation of 70 young people.
- ▶ Technical work training for 91 young people.





Finca
La Escalereta



EL AGRADO

47
cultivated
hectares
of cocoa

OUR COCOA
AGROFORESTRY
SYSTEM HAS CREATED

37
jobs during peak
harvest season

OUR ANCHOR MODEL IN ACTION **LA ESCALERETA,** El Agrado, Huila

ENCOURAGE ECONOMIC GROWTH

- ▶ Strengthen the productivity of 250 farmers in Huila.
- ▶ 756 farmers characterized and traced.
- ▶ Purchase of dry cocoa.
- ▶ Direct collaboration with 8 farmer associations and 22 entrepreneurs
- ▶ 200 producers in Masters of Cocoa, loyalty programs, sustainable practices and traceability.

BALANCE WITH THE ENVIRONMENT

- ▶ 106 farmers in the program PPI of IDH*, focused on environmental protection.
- ▶ Identification of 25 farmers for a regenerative agriculture certification.

* PPI is the Produce, Protect and Include Pact of IDH (Sustainable Commercial Initiative) that has the objective of catalyzing the sustainable production of bodies of water and forests, as well as promoting the socioeconomic inclusion of family agriculture and small farmers

OUR ANCHOR
MODEL IN ACTION

EL PARAÍSO,
Villanueva, Casanare

ENCOURAGE
ECONOMIC GROWTH

- ▶ Direct buying of cocoa from the producer.
- ▶ Wet cocoa purchase.
- ▶ Identify producers for a program for planting and rehabilitation with Covioriente.
- ▶ Financial Training to 22 female employees.

BALANCE WITH
THE ENVIRONMENT

- ▶ Protection of the Upia river basin.
- ▶ Training of environmental guardians.
- ▶ Carbon capture measurements of the farm.

817
cocoa
cultivated
hectares



STRENGTHEN THE
SOCIAL WELL-BEING

- ▶ Gender equality diagnostic with IFC* (farm, small farmers and associations).
- ▶ Base line with IFC* producers and associations.
- ▶ Vocational technical training in cocoa at a local school

OUR COCOA
AGROFORESTRY SYSTEM
HAS CREATED MORE THAN
400
jobs during peak
harvest season



SIGHTING OF
MORE THAN
120
mammal, bird,
reptile and
amphibian
species in the
plantations

* COVIORIENTE. The concessioned highway of the Oriente, Covioriente, is in charge of the execution of the highway that connects Villavicencio (capital of the department of Meta), with Casanare (capital of the department of Yopal).

* IFC is the International Financial Corporation of the World Bank.



GRANJA LUKER CALDAS



16 CULTIVATED
HECTARES

25
RESEARCH
PROJECTS

**MICROBIOLOGY AND
BIOTECHNOLOGY
LABORATORIES**

**WET COCOA PURCHASING
AND POST HARVEST CENTER**

**TECHNICAL GUIDANCE FOR
medium-sized farmers**

**CLONAL GARDEN THAT SUPPLIES
FARMERS THROUGHOUT THE COUNTRY**

CONNECTING OUR CLIENTS TO THE CHOCOLATE DREAM

Aligned with our mission to help other companies develop products with purpose, we created the **Dreamers Club**. In this program, we connect the last link of our chocolate chain with the origin giving life to our firm conviction of creating value for cocoa farming communities. This program allows us **to integrate our customers**, whom we call Dreamers, into projects we co-create with rural communities. Consequently, we materialize sustainability throughout our value chain through education, entrepreneurship, cultural and ecosystem conservation and regeneration projects.





4.2

STORIES OF COLLABORATION AND TRUST AROUND COCOA

WHAT ARE WE STRIVING FOR?

All our actions within The Chocolate Dream are framed in three dimensions: **economic, social and environmental**. Each program in this report contributes in a more or less significant way to each one, depending on the characteristics, needs and expectations of each stakeholder. **These are the objectives :**

DIMENSIONS	OBJECTIVES		
	 ECONOMIC	 SOCIAL	 ENVIRONMENTAL
THE CHOCOLATE DREAM	Increase the income of the small producer.	Strengthen the social well-being in the communities of influence through education and entrepreneurship.	Generate a balance with the environment through the protection of forests, water and biodiversity.

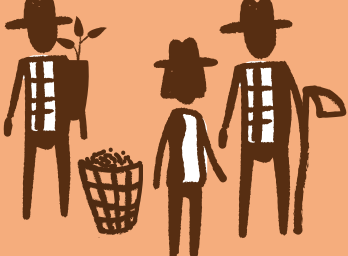




ECONOMIC DIMENSION OBJECTIVES

2027 GOALS	SUSTAINABILITY DIMENSIONS		
	 ECONOMIC	 SOCIAL	 ENVIRONMENTAL
	- Increase by 20% the income of 1,500 cocoa farmers.	- Generate sustainable well-being for 5,000 families in Urabá, Huila, Caldas, Casanare, Tumaco and Bogotá.	- 5,000 hectares impacted under environmental protection initiatives.

Increasing the income of the small producer is one of our main objectives. In Colombia, 95% of the producers have less than 5 hectares of land, and on average, each family has 3 hectares. Increasing the income of these small farmers is not an easy task, but it is our ambition that each cocoa farming family can live with dignity. In this way we improve the income of the small producer:

SUSTAINABILITY DIMENSION ↓ ECONOMIC	OBJECTIVES BY KEY STAKEHOLDERS		
	 FARMERS	 COMMUNITIES	 FARMERS AND COMMUNITIES
	Improve productivity and quality in the harvest and post-harvest of cocoa.	Strengthen cocoa associations through professionalization in administrative, commercial, legal and sustainability aspects.	Promote sustainable practices by providing economic incentives.

The Cacao Effect

THIS
PARTNERSHIP
SUPPORTS



OUR PURPOSE

We strengthened our cocoa supply chain with a cooperation agreement that aims to improve cocoa farmers' quality of life.

OUR TARGET COMMUNITY

Cocoa farmers and their communities.

WHEN IT
STARTED

2019

WHERE

18 municipalities from Colombia located in Urabá, Bajo Cauca, South-center of Huila and Tumaco.

ALLIES

US Agency for International Development (USAID), Fundación Luker, Enel-Emgesa, Fundación Saldarriaga Concha, Eafit University and Manizales Más.

THE FUTURE OF THIS PROGRAM

► We will continue focusing on the strengthening of the cocoa production chain through the Cooperation Agreement that ends in January 2024.

OUR KEY METRICS

HAS. planted by 2021:

474ha.

HAS. Rehabilitated by 2021:

1063ha.

Farmers trained and reached by technical advisors by 2021:

935

Cocoa crop productivity by 2021:

547kg/ha
equivalent to 38%
of improvement





THE CACAO EFFECT AS A PEACE ANCHOR IN THE COCOA TERRITORIES



Is it possible to dream of driving peace through chocolate? With the Cacao Effect, we have reached 18 municipalities in Urabá, Bajo Cauca, Huila, and Tumaco with inclusive rural development opportunities that are sufficiently powerful to improve the quality of life of the producing families and their communities tangibly and sustainably.

Two of our anchor crops (one in Necoclí, Antioquia and the other in El Agrado, Huila) **serve as a connection point with small cocoa farmers in the region**, who can access state-of-the-art technology, technical support, and marketing channels that allow them sell the best-quality cocoa to the world. Similarly, The Cacao Effect directly reaches small farmers to increase their productivity with new plantings and crop rehabilitation.

**TOTAL
INVESTMENT OF
US\$36,3
MILLION IN 18
MUNICIPALITIES**

The program brings together universities, international cooperation agencies, non-governmental organizations, and private companies to achieve a robust investment that contributes to the increase of productivity in cocoa crops, the strengthening of farmer associations and the improvement of social, educational and resilience skills, for farmers and communities. **In this way, we engaged 749 farmers in 2021 who increased their productivity by 38%.** Likewise, in the last year, we trained 74 people in rural entrepreneurship with a gender equality approach.

*Investment during 5 years

The answer, then, is yes; by placing cocoa at the center of communities that have historically focused their economies on illicit crops and uniting efforts to strengthen the social fabric of local communities, **Chocolate can be a driver for peace.**





OUR PURPOSE

We strengthen ties with farmers through a system of goals and incentives to encourage and reward compliance with good agricultural and social practices.

OUR TARGET COMMUNITY

Small farmers and farmer associations

**WHEN IT
STARTED**

2020

WHERE

Huila and Tumaco.

ALLIES

Luker Agrícola and
Chocolate Tumaco

THE FUTURE OF THIS PROGRAM

► Extend the program to other associations in Huila and Tumaco and take it to Casanare and Caldas.

OUR KEY METRICS

3 ASSOCIATIONS

241
PRODUCERS

Cocoa farmers redeemed the following prizes by adopting best social, environmental and economic practices:

2.097
SEEDLINGS

489
BROILERS

61 BAGS OF
FERTILIZER

48
GROCERY
PACKAGES

132
LAYING
HENS

With each cocoa farmer we have developed 6 social, environmental and productive challenges which allows them to connect with their surrounding environment.



MASTERS OF COCOA, LUKER'S PLAN TO DISTRIBUTE GOOD PRACTICES ALONG THE AGROPRODUCTIVE CHAIN



How to add value to the lives of cocoa farmers and their associations by creating long-lasting relationships ? The answer is “it depends”. The perspective of a farmer living in Tumaco is not the same as that of a farmer living in Huila.

For this reason, the first step is to get to know these people, what hurts them, what motivates them, and how they relate to their job. This exercise characterized inhibitors, motivators, perceptions of the future, and dreams that revealed challenges and opportunities to generate value in Colombian cocoa-producing families.

The “how” was materialized by ‘Cocoa Masters’, **a program that uses rewards, competition and collaboration** to achieve social, environmental and economic-productive goals.

Farmers are encouraged to complete “missions” to improve cocoa quality, environmentally sound agricultural practices and productivity. The points that the farmers accumulate by completing each mission can be redeemed in **resources, training, infrastructure, equipment, and awards** that ultimately translate into greater productivity in the cocoa chain, higher product quality, and well-being for cocoa-growing families and the planet.

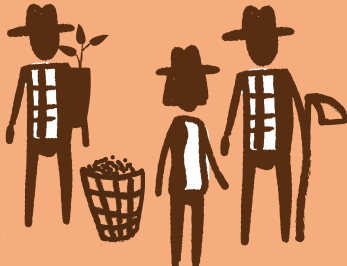
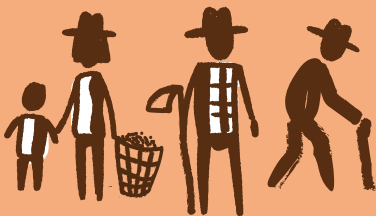




SOCIAL DIMENSION OBJECTIVES

2027 GOALS	SUSTAINABILITY DIMENSIONS		
	 ECONOMIC	 SOCIAL	 ENVIRONMENTAL
	- Increase the income of 1,500 cocoa farmers by 20%.	- Generate sustainable well-being for 5,000 families in Urabá, Huila, Caldas, Casanare, Tumaco and Bogotá.	- 5,000 hectares impacted with environmental protection initiatives.

The programs that make up this dimension have a significant multiplier effect: our vision is that the people who participate in the technical, socioemotional and entrepreneurial formation take these tools and knowledge into their communities.

SUSTAINABILITY DIMENSION ↓ SOCIAL	OBJECTIVES BY KEY STAKEHOLDER GROUP		
	 FARMERS	 COMMUNITIES	 FARMERS AND COMMUNITIES
	Promote gender-focused entrepreneurship.	Strengthen socio-emotional skills in rural communities so that they can overcome the challenges of their social environment and build a prosperous future.	Strengthen education in communities from early childhood to adulthood.



OUR PURPOSE

We deliver high-quality education opportunities for rural population to motivate youth to remain in the countryside.

OUR TARGET COMMUNITY

Students from the Institución Rural Caribia and youth from Necoclí, Antioquia and the childhood from the community of Arauca in Caldas

**WHEN IT
STARTED**

2014

WHERE

Necoclí and Caldas.

ALLIES

Fundación Luker, Fundación Bolívar Davivienda, Fundación Bertha Martinez, Universidad del Norte, Maison Cacao, Doisy & Dam, Lyra and ChocAffair

THE PROJECTS THAT ARE PART OF THIS PROGRAM

- Active School
- Chocokids
- Music Art and Cocoa
- **Let's All Learn to Read**
- **University at School**
- School Infrastructure





OUR KEY METRICS

670 STUDENTS

from preschool to eleventh grade participating in our projects or positively impacted

109 YOUNG GRADUATES

with technical education in marketing and sales, tourism, administration and organic agriculture

INFRASTRUCTURE

4 | **New classrooms** at the Garitón School in Necoclí.

2 | **Classrooms** at the Buenos Aires School in Necoclí.

1 | **School restaurant**

LEADERSHIP SKILLS:

96 | **Young** people were trained in leadership and communication skills.

30 | **Young** people developed tools for leadership and local agroecological production through agroforestry systems and regenerative agriculture.

MORE THAN

80 families

were impacted with the promotion of mental health and coexistence and resilience workshops.

Caldas:

80 boys and girls

trained in artistic and socio-emotional skills in Caldas and 120 children with basic knowledge about cocoa in Tumaco.

THE FUTURE OF THIS PROGRAM

- Encourage the love for cocoa in youth with vocational education, with initiatives starting at sixth grade in Necoclí and Casanare.
- Apply the reading and writing program for children in Tumaco.
- Build sports infrastructure in educational institutions.

- Generate water supply solutions in schools.
- Continue with the promotion of socio-emotional skills from educational institutions.



"LET'S ALL LEARN TO READ" & "UNIVERSITY AT SCHOOL": TWO PROJECTS FROM THE POWER OF EDUCATION PROGRAM



Can a rural community grow with high-quality education?

Many of The Chocolate Dream projects focus on strengthening the communities' academic, technical, and socio-emotional capacities that are necessary in childhood, teenage years and adulthood.

Together with Luker Foundation, we are convinced that an educated and entrepreneurial person is the engine of development in their community.

With the little ones, we support active reading methodologies from grade zero to grade five, in 6 educational centers in Necoclí.

For older children, we focus on **generating better job opportunities** at the end of their high school studies through technical education. In 2021, we graduated 109 young people in programs such as: marketing, sales, tourism, administration, technical assistance and organic farming techniques.

In total, there are 670 students from the Institucion Educativa Rural Caribia in Necocli benefiting from better academic conditions and the possibility of finding a purpose in the countryside to continue training and working.



THE POWER OF EDUCATION ALLOWS US TO IMPACT MORE THAN 1,070 FAMILIES

through the construction of classrooms and spaces for sports, as well as by supplying schools with water management systems, implementing vocational and technical education programs, education for adults and accompanying the structuring of educational models with a rural focus.





OUR KEY METRICS

Necoclí:
31 local businesses strengthened
70% of the participants increased their income

Urabá:
13 local businesses strengthened
77% of start-ups positioned their portfolio

Huila:
13 local businesses strengthened
70% of start-ups positioned their portfolio

Tumaco:
66 new business ideas identified and accompanied by experts.



OUR PURPOSE

We help rural entrepreneurs to achieve their dream of being business owners, and we diversify the income of communities that live around cocoa.

OUR TARGET COMMUNITY

Communities from Luker's strategic regions

WHEN IT STARTED

2018 | in Necoclí

2019 | in Urabá, Huila

2020 | in Tumaco

WHERE

Urabá, Huila and Tumaco.

ALLIES

US Agency for International Development (USAID)

THE FUTURE OF THIS PROGRAM

► Boost the sales of the identified enterprises.

THE PROJECTS THAT ARE PART OF THIS PROGRAM

- Empowering Dreams
- Rural start-ups part of The Cacao Effect



EMPOWERING DREAMS: THE DREAM OF BEING BUSINESS OWNERS



Can the impact of cocoa on rural development be amplified through entrepreneurship? When we started working in Necocli and Caribia, we realized that the community was full of ideas that they weren't able to bring to reality because of a lack of knowledge of business.

We then started working with cocoa farmers' families and neighbors to help them materialize and grow their start-ups, thus bringing economic development to their territories.

Carmen Peña is one of 31 people trained in the program Empowering Dreams. "I always dreamed of starting my own business and being able to work independently. I began selling empanadas and fried plantains and then moved on to breakfasts and lunches. I cooked and sold, but had no idea how much I was investing in producing or how much was my revenue. With Empowering Dreams I learned about administration and business strategy and now I even help my niece with her start-up".

With training in design, creation, business model structuring, segmentation, value proposition, cost structure and accounting, among others, Luker Chocolate and its allies made it possible for **70% of those 31 strengthened ventures to receive additional or new incomes**. For seven of them, the increase in sales was 40%. In this way, we contribute to the development of the territories and diversify the income of the communities that live around cocoa to improve their quality of life.

WOMEN AND COCOA

OUR PURPOSE

We take a gender-focused look at the chocolate chain under the framework of The Cocoa Effect.

OUR TARGET COMMUNITY

Female farmers from Tumaco, Urabá and Casanare

WHEN IT
STARTED

2020

WHERE

Tumaco, Urabá and Casanare.

ALLIES

United States Agency for International Development (USAID), Fundación Luker, Enel-Emgesa, Fundación Saldarriaga Concha, Universidad Eafit and Manizales Más.

THE FUTURE OF THIS PROGRAM

- Continue strengthening the female role in the cocoa value chain, building startups and generating skills and aptitudes to their development.

OUR KEY METRICS

Urabá:

30 women
trained
in personal
finance

Casanare:

22 women
trained
in personal
finance

Tumaco:

60 women

of 3 communities participated in the Women and Cocoa forum

Urabá, Huila, Tumaco and Sur de Bolívar: "**Morado**" Festival with producers and communities

23 women
graduated
in equality
principles





AMPLIFYING THE COCOA EFFECT THROUGH A GENDER EQUALITY LENS

Can we amplify The Cacao Effect by focusing on women?

When we were carrying out this program in Tumaco and Urabá, we found the opportunity to connect with the women of these territories, integrating a gender perspective that would generate an impact in line with their realities.

Considering this, we organized the School for Equity, in which we had the opportunity to share with 60 women from three communities and work on issues such as **equal participation, care economy and gender roles and stereotypes**. The purpose of this space was to develop through a co-creation process with women leaders, a training package that they could continue to implement within their communities and that triggers conversations around the role of women in the field as recognized work and the equitable distribution of care tasks.

With this exercise we seek to strengthen ties of solidarity in the communities and generate awareness on the burdens that culturally have been imposed on women. This inequality cannot be destroyed only with female empowerment: men must also be part of the change. For this reason, as part of the strategy, we held a focus group with men in which we inquired about the roles of women in their homes, as well as the economic burdens and the stereotypes that are made visible within their communities when talking about gender. The results were valuable to **help close gender gaps in the field**.



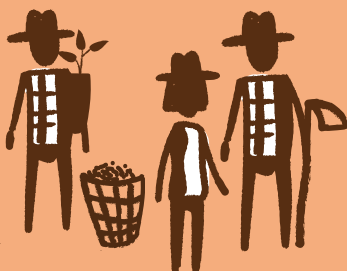
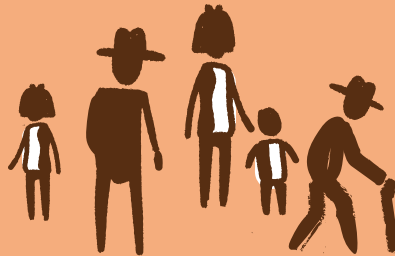
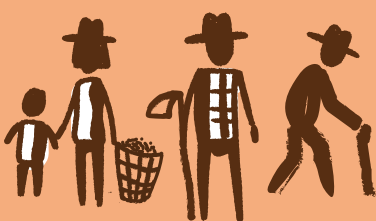
ENVIRONMENTAL DIMENSION OBJECTIVES

2027 GOALS

SUSTAINABILITY DIMENSIONS		
 ECONOMIC	 SOCIAL	 ENVIRONMENTAL
Increase by 20% the income of 1,500 cocoa farmers.	Generate sustainable well-being for 5,000 families in Urabá, Huila, Caldas, Casanare, Tumaco and Bogotá.	5,000 hectares impacted under environmental protection initiatives.

At Luker Chocolate, we define regenerative culture as a series of practices that not only aim to reduce the negative impact of human activity on the planet, but also actively seek to generate a positive impact and help restore ecosystems that are in danger today. Promoting the conservation of forests, caring for water and generating ownership of biodiversity in the territories are some of the tactics we develop around this purpose. To encourage environmental interest, we also measure our carbon footprint in cocoa plantations and create biodiversity conservation groups between workers and the community.

ENVIRONMENTAL
↓
SUSTAINABILITY DIMENSION

OBJECTIVES BY STAKEHOLDER GROUPS		
 FARMERS	 COMMUNITIES	 EMPLOYEES
Strengthen the knowledge and adoption of regenerative practices, and promoting biodiversity.	Promote the care of water sources and forests, generating environmental awareness and connection with the environment.	Reduce our negative impact and neutralize our carbon footprint.



Preserve the Future



LUKER
Chocolate

OUR PURPOSE

We mobilize the communities around cocoa plantations in favor of environmental conservation as a mechanism for community collaboration.

OUR TARGET COMMUNITY

Communities around La Escalereta, El Paraíso and El Rosario plantations

WHEN IT
STARTED

2021

WHERE

Necoclí, Huila and Casanare.

ALLIES

Enel-Emgesa, Lyra and Choc Affair.

THE FUTURE OF THIS PROGRAM

- Raise awareness among children in the different territories, as well as strengthen the protection of the Tropical Dry Forest through more environmental guardians.
- Mobilize regenerative agriculture with 80 farmers to develop the first regenerative cocoa in the country in alliance with Fundación Bancolombia.

OUR KEY METRICS

30 environmental guardians

workers from the Luker plantations who are in charge of protecting biodiversity.

35 Tropical Dry Forest producers

In touch with the ecosystem environmental services

THE PROJECTS THAT ARE PART OF THIS PROGRAM

- Guardians of the Dry Tropical Forest
- Environmental Guardians





ENVIRONMENTAL GUARDIANS: UNION AS A MOBILIZING AGENT FOR THE CARE OF THE ENVIRONMENT



Although climate change is still a source of debate, it is increasingly difficult to deny the reality that we face as humanity: **the planet will not withstand the rate at which humans are consuming its resources for long.** Talking about sustainability is no longer enough. If we want to have a real impact on the speed at which we are approaching the point of no return, **we have to play an active role in rehabilitating the ecosystems and habitats that support life on earth.**

For this regenerative culture to gain strength, we need to add people who share a vision of love and respect for the environment and who help us protect biodiversity, ecosystems and water sources. In 2021 we took on the task of looking for these people in the territories and inviting them to be part of a **legion of watchers whom we have called Environmental Guardians.**

In Necoclí, Huila and Casanare we found 44 guardians with whom we carried out training processes in environmental care. The most significant aspect of this was **the collective mobilization: the union of the community, farmers, and employees of our farms in favor of environmental conservation.** The guardians generate dynamics and collective spaces where the community learns to appreciate its environment and protect biodiversity.



We carried out bird sighting sessions that left us with discoveries such as the presence of *Ortalis garulla*, also known as "pava," "chachalaca" or "caribbean guaracha", in and around El Rosario, our anchor crop in Necoclí. This fact acquires special importance if we take into account that this bird is an endemic species threatened by habitat loss and hunting. Can we lessen those threats with the help of environmental guardians? The answer is yes.

“In this fascinating journey through nature we have discovered many of the relationships that form between every living being, which have made us more aware that every organism, plant or animal, no matter how big or small, has an important job to do in nature”



PABLO OVALLE,
CHIEF BIOLOGIST OF
ENVIROMENTAL
GUARDIANS



Like the *Ortalis garulla*, other 328 species of birds, mammals, amphibians, reptiles and butterflies inhabit El Rosario and its surroundings. These species represent **almost 5% of the total animal species in Colombia**. Caring for their habitat will help protect them from extinction.



Water and Forests



LUKER
Chocolate

OUR PURPOSE

We strengthen the ties of communities with water to promote the care and protection of water resources and forests.

OUR TARGET COMMUNITY

Community of Necocli

WHEN IT
STARTED

2020

WHERE

Necoclí and Casanare.

ALLIES

Gobernación de Antioquia,
Alcaldía de Necoclí,
Universidad de Antioquia,
Fundación Luker, Dengel,
Hotel Voss and Delgiro.

THE FUTURE OF THIS PROGRAM

► Implement an initiative to care for the micro-basins promoting ownership, reforestation and drinking water supply of the population.

OUR KEY METRICS

1 WORKING WATER
supply that provides
drinking water to

120 families
continuously.

**Village
groups**

selected to manage water
in their communities.

**5 social
cartographies**
for community
ownership work.

Casanare: Encourage the
protection and responsible
use of the Upía River

THE PROJECTS THAT ARE PART OF THIS PROGRAM

- Community Water Management
- Community Water Memories





COMMUNITY WATER MANAGEMENT



How to empower communities to take ownership of the protection of their water sources? First, we worked with the communities of the villages of Limoncito, Alto Carito, Buenos Aires and Caribia in Necoclí (Urabá), in the recovery of collective memories of water that are essential to continue weaving stories around its preservation. Once this was done, we looked for 43 leaders from the villages to enhance their management skills in what we call "Water Schools". It was these people in leadership positions who helped us identify the most pressing water resource issues and then drive the development of solutions.

Although these populations have developed different knowledge, tools and technologies that facilitate the human consumption of water, **access to drinking water is very limited**. There are source contamination and discharge in wastewater issues. This is aggravated by consequences associated with climate change, especially in coastal regions, such as long periods of drought, strong winds and rain.

With this in mind, we developed a long-term commitment, made up of two phases, namely: “Memories of Water” which sought to design and implement **a process for recovering community memories of water** in the focus villages; and “Water Schools”, **with which we strengthen community water management capacities of village leaders**.



“The water school has taught me the recognition of old stories of water in my community. We must take care of the water and its sources, which are important because they are life for us”.

Like Yulenis Torreglosa, there are 40 men and women who have joined directly or to benefit a community of more than 2,000 people.





WE ARE PART OF THE COCOA, FORESTS AND PEACE INITIATIVE

A public-private program that combines efforts to reduce deforestation and promote cocoa production programs with zero deforestation, understanding it may be one of the main risks in our value chain.

We have worked on various issues aligned with this initiative, resulting in **5 strategic actions that will guide the work plan:**

Productive models

Financial systems

Monitoring and verification systems

Strengthening and institutionality

Communication and transparency



**VISIT THE
WEBSITE**



5.

SECTION

RESPONSIBLE SOURCING

SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

SECTION 8

SECTION 9

HOW DO WE GENERATE IMPACT AND SUSTAINABILITY FROM OUR SOURCING PROCESS?



STAKEHOLDER GROUPS		
FARMERS	ASSOCIATIONS	SUPPLIERS
Implement a traceability system in the cocoa value chain, which makes it possible to identify the transfer of payments to cocoa farmers.	Organizationally strengthen cocoa associations with hand-in-hand support.	Implement strategies to build long term relationships with medium and small size suppliers.



5.1 LUKER CHOCOLATE'S VALUE CHAIN

We have a presence in strategic regions through our own crops and with cocoa purchases to associations, cooperatives, direct producers and regional buyers under **positive impact models**. We then lead the manufacturing and selling of our chocolate for our customers who, in turn, distribute their final products to their consumers.



5.2

OUR MOST IMPORTANT INGREDIENT: COCOA

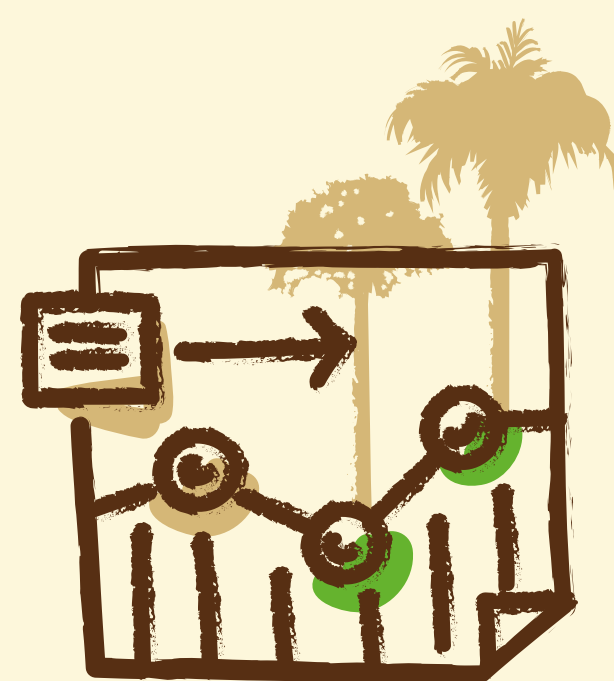
Chocolate's main ingredient is cocoa. Our supply chain is made up of several channels and market models, **but we favor those that represent a higher income for cocoa farmers.**



2027 GOALS

Implement a traceability system for sustainable cocoa in our cocoa value chain that identifies and guarantees our sustainable procurement commitment:

- ▶ No deforestation.
- ▶ No child labor.
- ▶ Strengthening of the final price transfer to the farmer.



PROGRESS OF THE YEARS 20/21:

1,397
farms
traced,
and by 2022 we will
continue collecting
information from
producers and
associations.



THE PARTIES IN OUR SUPPLY CHAIN:



Small cocoa farmers' associations:

Economic and non-profit solidarity groups that commercialize cocoa and manage collective projects that benefit producers.



Regional buyers:

Made up of commercial cooperatives, **created by locals that facilitate transport and buy cocoa** in certain zones of the country.



Cocoa Farmers

Individual farmers that prefer to take the cocoa to Luker Chocolate's storage warehouses.



Luker Agrícola-owned farms

Business-oriented crops that buy dry cocoa or wet cocoa and offer training in entrepreneurship.



We have built long-term relationships with allies such as associations and regional buyers to centralize trading with cocoa farmers in 80 trading

IN THE LAST THREE YEARS WE HAVE SUCCESSFULLY PAID 95% OF THE FOB PRICE OF THE NY STOCK CHANGE

centers around the country. Our 115-year history has allowed us to forge strong relationships based on a deep understanding of our supply chain. Our main objective is to create shared value at origin, boosting the income of producers through sustainable supply practices and increased productivity.

During 2021 we increased the volume of cocoa purchased from farmer associations by 23% compared to the end of 2019, in resonance with our objective published in the 2018-2019 report: to have by 2025 70% of our supply chain directly from farmer associations, farms and independent crops.

However, in order to prioritize the highest price transfer to the producer, we carried out an in-depth analysis of this model and its challenges. Along these lines, we find that, although it is necessary to continue strengthening farmer associations, we find that in many regions farmers prefer to sell their product to regional buyers who offer them value-added services in the purchase and greater coverage. In this sense, and prioritizing the income of the farmer, we reframed the goal to 2027 in order to focus efforts on ensuring the transfer of prices to the final producer. With this, we seek to potentiate the income of the small farmer.

WE ARE BETTING ON TRACEABILITY

We have built a path that allows us to identify through an evidence-based approach the price paid for cocoa up to the farmer's level, specifically through transfers made by our associations and main regional buyers. This implies creating deeper relationships of trust with our suppliers, in order to jointly contribute to having truthful information.

On the other hand, we will be carrying



out pilot tests to confirm direct payments to the producer through innovation processes, seeking to learn first-hand about the challenges and propose joint solutions to obtain more transparent chains.

Likewise, in 2020 we began a farm-by-farm identification process with sociodemographic information and environmental, social and productive practices to ensure that our cocoa is free of deforestation and child labor. At the end of 2021, we registered the practices of approximately 5% of the total 1,397 farms that make part of our chain.

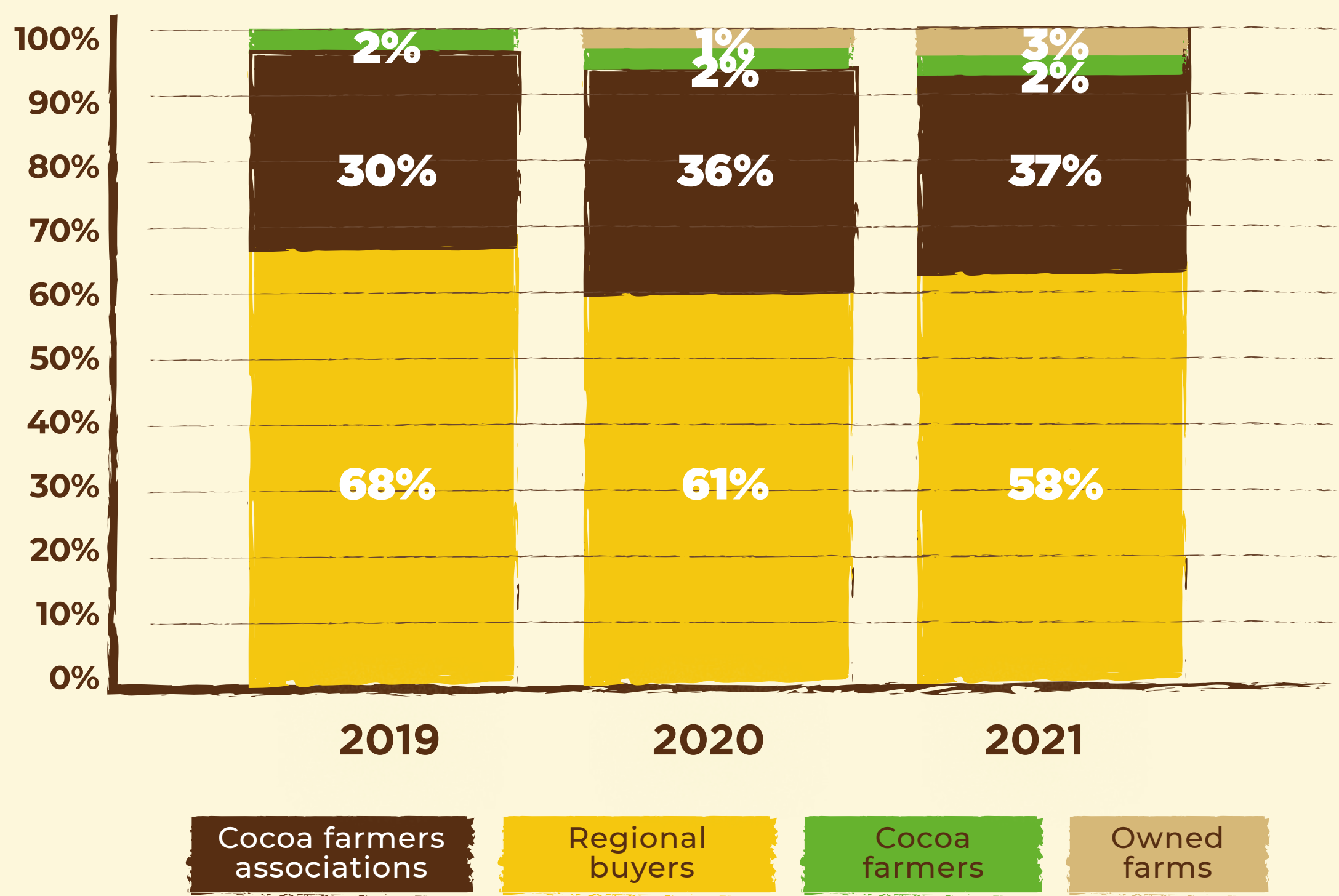


We have established long-term relationships with allies such as associations and regional buyers to centralize buying cocoa from small farmers.



THIS IS HOW WE BUY COCOA

Evolution of our procurement



42% OF OUR COCOA IS BOUGHT directly from farmer associations, individuals farmers and Luker Agrícola's farms

At Luker Chocolate we work permanently and in coordination with our allies and suppliers, hoping to generate mutual benefit by ensuring resilience and business continuity. For us, it is important to manage the risks and take advantage of the opportunities that can be generated in our chain, for which we carry out

strict supplier selection processes, and we seek to achieve long-term relationships to avoid shortages.

As a relevant action, we initiated a baseline identification of social and environmental terms in our suppliers, as well as the beginning of an alliance with the United Nations Development Program (UNDP) in the Supplier Development Program to strengthen medium and small companies.



6. DIVERSITY, INCLUSION, EQUALITY, PROFESSIONAL DEVELOPMENT AND WELL-BEING



6.1

A CLOSER LOOK AT DIVERSITY AND INCLUSION INSIDE LUKER

DIVERSITY AND INCLUSION OBJECTIVES	
FARMERS & COMMUNITIES	EMPLOYEES
Promote in our cocoa value chain, the inclusion of women as a fundamental part of the cocoa production process, as well as associative development, entrepreneurship and leadership in the territory. Mobilize strategies for labor and educational inclusion for people withwith disabilities in the cocoa fields.	Promote diversity and consolidate a healthy work environment, with a gender focus, creating awareness of the value of differences and the development of a more inclusive culture. Inclusion in our workforce of migrants and people with disabilities.



2027 GOALS

Mobilize good practices in favor of having gender equity, reaching a minimum of 90% compliance with the WEPs index (Principles for the Empowerment of Women)



MINIMUM COMPLIANCE
90%
WEPs INDEX



WE HAVE 25 DIVERSITY AND INCLUSION INITIATIVES THAT RESPOND TO THE TOPICS OF GENDER, PROCESSES, POLICIES AND BENEFITS THAT WE PRIORITIZE AS AN ORGANIZATION

Improving the lives of every family that chooses Luker Chocolate means, among other things, having a vision broad enough to anticipate their needs and create products accordingly.

To achieve this, we took on the task of transforming our team and work tactics so that diversity is a transversal axis in everything we do: only by having a wide range of contexts, life stories, experiences and points of view can we reach an increasingly diverse group of consumers.

In this diversity and inclusion management, we prioritize, on the one hand, a gender issue, which encompasses actions for the empowerment of women in the workforce and the LGTBIQ+ community, and on the other hand, the inclusion of other groups that deserve special attention like migrants and persons with disabilities.

To identify the areas in where we could have opportunities for improvement, we begin with an analysis of our organizational structure through a gender diagnosis focused on the workforce. Hence, we carried out measurements to understand the levels of remuneration, training, leadership positions and staff development from a gender-responsive approach. From this diagnosis and with the result of the self-diagnosis of WEPs (Principles for the Empowerment of Women), we built the baseline and roadmap for implementing actions to be an inclusive and diverse company. Within these actions, for 2022 we've planned the inclusion of groups with difficult access to working life such as migrants and people with disabilities. We also developed awareness in diversity and inclusion, as well as actions to strengthen policies and measurement and transparency mechanisms.



We adhere to the Women's Empowerment Principles.

(WEPs) (March, 2021)



We measured ourselves with the diagnosis of diversity with a gender approach of the International Finance Corporation of the World Bank



We partnered with TENT and CUSO to start our migrant inclusion route.

* TENT: The Tent Partnership for Refugees.
* CUSO: Canadian organization that works to end poverty and inequality.





6.2

THE CHOCOLATE TEAM

In 2021, 651 people were part of Luker Chocolate. They are the ones **who make The Chocolate Dream possible**, which is why we take care that inclusion, diversity and integrity are in each area and each process in our work environment. This means, for example, that for this period the minimum wage that we paid within the company was almost 12% above the legal minimum wage in Colombia, and that we increased by 7.27% the number of women involved in the company, implementing a gender approach.



Below we present some of the figures related to **our work team** that reflect our commitment to generate value and well-being.





OUR EMPLOYEES IN NUMBERS AND THE DISTRIBUTION BETWEEN MEN AND WOMEN

YEAR	2020	%	2021	%	PERCENTUAL INCREASE OF ONE YEAR VS THE PRE- VIOUS ONE
Women	220	35.43%	236	36.25%	7.27%
Men	401	64.57%	415	63.75%	3.49%
TOTAL	621	100%	651	100%	4.83%





6.3 WE GROW ALONGSIDE OUR EMPLOYEES

One of the most important stakeholder groups for Luker Chocolate is its team. Therefore, in addition to complying with all Colombian regulations, we carry out professional development actions in different ways:

The first is leadership development to promote an internal culture of innovation. We call this initiative "Leading for Growth" and it began in 2020. We gave 32 hours of training to 60 leaders and this was done with the aim of them to share their learnings and develop teams with greater cohesion.

Additionally, we had training sessions for all Luker Chocolate's collaborators, supporting the development of technical skills, soft skills, English courses,

and other transversal knowledge, as well as the creation of shared value, sustainability, carbon neutrality and objectives of B companies. Our staff engaged in 497 hours of training in 2020 and 1153 hours in 2021. For the year 2020, during the Covid-10 pandemic, virtual spaces were strengthened, as well as topics of common interest such as cooking, music and games.

Likewise, and taking into account the impact that the pandemic brought on the physical, mental, and emotional health of all people, we carried out "SANAMENTE", a program to take particular care of the mental well-being of all our collaborators.

Leading for growth

Leadership program created to develop skills to promote our culture and drive results

60

PARTICIPANTS

32

HOURS

Well-being program "Sanamente"

Well-being program created to look after employees' mental health.

**Created for the
entire Luker
Chocolate team**



PASSIONATE FOR A BETTER FUTURE

Another initiative developed in 2021 was to bring our work team closer to the **cocoa-growing territories and communities** as a way of understanding and creating shared value. With a diverse group of 63 people, from cocoa farmers, plantation staff, operational and administrative staff, we develop potential and promote the construction of agents of change. The questions that **triggered** these actions were: how to generate leaders who can contribute to a better society, and how to respect and take advantage of diversity as a force for collective work to achieve exponential results.

**WE HAVE CREATED
A DIVERSE TEAM
OF 63 INDIVIDUALS
THAT WERE EDUCATED
IN LEADERSHIP TO
GENERATE POSITIVE
TRANSFORMATIONS
IN ALL OF THE LINKS
OF OUR CHOCOLATE
VALUE CHAIN**



THE TEAMS CONTRIBUTED TO 5 CHALLENGES IN THE TERRITORIES WHERE COCOA IS GROWN,

from how to develop financial capacities in women to helping create governance models for the communities.



CACAO JOURNEY

Cacao Journey was born to connect our entire value chain and recognize those who are an example of the Luker Chocolate culture. These employees won the opportunity to travel and take a tour of the whole chocolate value chain, from the cocoa crops in the Colombian countryside to the logistics operation in the different territories. We started this process in 2021 on World Chocolate Day, when 18 collaborators were in Casanare, Huila and Necoclí exchanged knowledge and discovered the first milestone of chocolate.



SECTION 7.

CLIMATE CHANGE
ADAPTATION AND
MITIGATION

SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

SECTION 8

SECTION 9

LUKER, CARBON NEUTRAL BY 2030



WE HAVE MANAGED TO REDUCE 16% OF OUR GENERATED CARBON EMISSIONS, NEUTRALIZING THESE THROUGH COMPENSATION

For Luker Chocolate, environmental sustainability is a matter of consistency. Just as we go to the territories and train communities to become allies in the protection of ecosystems and biodiversity, it is also essential to take a critical look inside the company and evaluate each of our processes through the lens of sustainability and regenerative culture.

We have an ambitious goal that fills us with pride and motivation: to make Luker Chocolate a carbon-neutral company by 2030. It was a path that we traced since 2017 and that we have been traveling with significant progress. **Between 2020 and 2021 we reduced the carbon emissions we generate by 16%, going from 47 to 39 tons of CO2 per million dollars sold.**

How did we do it? With a series of changes in our processes. One that is particularly worth mentioning is the improvement and fine-tuning of the refrigerant technologies that we use in the Chocolate factory, which allowed us to reduce related carbon emissions by 52%.

During 2021 we went a step further: we included in our strategic plan the total compensation of the emissions of our chocolate factory and we signed the Net Zero agreement, which corroborates our commitment to decarbonization and the promotion of carbon capture in the farms of our value chain. In 2021 we managed to be carbon neutral in terms of manufacturing (scope 1 and 2) with carbon credits that contribute to the biodiversity of Colombia and the protection of our forests.



EMMISSIONS
3,760
TON CO₂EQ

WE MEASURE
THE CARBON
FOOTPRINT OF
OUR FACTORY

COMPENSATED
100%



SCOPE 1
67%
2,536
TON CO₂EQ



SCOPE 2
33%
1,224
TON CO₂EQ

Direct emissions
from our chocolate
factory:
**natural gas and
refrigerants**

Emissions that
come from
**electric energy
consumption**

****The emission factor is
0.16 KgCo₂/kwh**

EMISSIONS PER **KG CO₂EQ/TON PT** **vs.** 2017* **kg Co₂eq/ton PT**

YEAR	2017	2018	2019	2020	2021	% REDUCTION 2021 VS. 2017
KG CO ₂ EQ/ TON PT	126	113	115	111	109	13%

Emissions expressed in CO₂ tons emitted by every
million of dollars received diminished 16% from
47 tons in 2020 to 39 tons in 2021

***Baseline year - 2017**



8.

SECTION

BUILDING TOGETHER A MORE HUMANE, AND MORE SUSTAINABLE PLANET

SECTION 1

SECTION 2

SECTION 3

SECTION 4

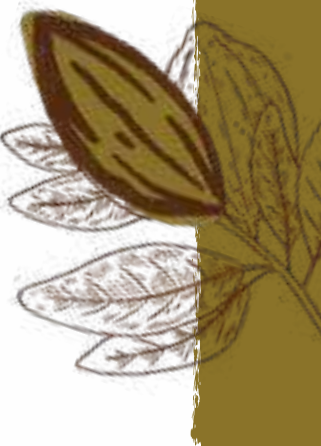
SECTION 5

SECTION 6

SECTION 7

SECTION 8

SECTION 9



For the entire Luker Chocolate team, it is very satisfying to hare on the results of our sustainability efforts in 2021: with each of the programs developed under the Triple Impact premise, we managed to generate well-being for all our stakeholders. Likewise, we advanced towards the great goal of becoming a B certified company.

Finally, this exercise gives us the opportunity to continue fighting for a more humane, more collaborative and more sustainable planet, in which chocolate continues to be a source of well-being and development for all the people who choose us as their long-term allies.

Thank you for reading.



SECTION 1

SECTION 2

SECTION 3

SECTION 4

SECTION 5

SECTION 6

SECTION 7

SECTION 8

SECTION 9



9. MEASURING OUR IMPACT

SECTION

GRI STANDARD

GRI	NAME	LOCATION IN THE REPORT
Section 9.2 - GRI Standards		
Disclosure 2-1-a	Name of the Organization	Luker Chocolate is a business unit within CASALUKER S.A
Disclosure 2-1-b	Nature of ownership and legal form	Pg. 8 - 10
Disclosure 2-1-c	Headquarters Location	Calle 13 N° 68-98. Bogotá D.C., Colombia
Disclosure 2-1-d	Countries of operation	Pg. 11
Disclosure 2-2 Entities included in the organization’s sustainability reporting		
Disclosure 2-2-a	All entities included in sustainability reporting	This sustainability report only includes information regarding Luker Chocolate
Disclosure 2-2-b	All of the entities in the financial reporting are also included in its sustainability reporting	
Disclosure 2-2-c	Approach for consolidating information of multiple entities	
Disclosure 2-3 Reporting period, frequency and contact point		
Disclosure 2-3-a	Reporting period and frequency	2020 - 2021, Bi-anually
Disclosure 2-3-b	Reporting period for financial reporting	2020 - 2021, Bi-anually
Disclosure 2-3-c	Publication date of the report	November 2022
Disclosure 2-3-d	Contact point for queries about the report	Julia Ocampo (Sustainability Director) : jiocampo@lukerchocolate.com Valentina Ortiz (Communications Strategist) : vortiz@lukerchocolate.com
Disclosure 2-4 Restatements of information		
Disclosure 2-4	Restatements of information made from previous reporting periods	The organization has not made any restatement in the reporting period.
Disclosure 2-5 External assurance		
Disclosure 2-5	External assurance	No external assurance was used for this report.
Disclosure 2-6 Activities, value chain and other business relationships		
Disclosure 2-6-a	Sectors in which the entity is active	Industry
Disclosure 2-6-b	Value chain	Pg. 55
Disclosure 2-6-b-i	Activities, products, services, and markets served	Market Served: Chocolate Ingredients and Private Label Chocolates in more 40 countries / pg. 11, 55, 57
Disclosure 2-6-b-ii	Supply chain	3156 technical and service suppliers (different than cocoa providers) / pg. 57
Disclosure 2-6-b-iii	Entities downstream from the organization and their activities	Pg. 57
Disclosure 2-6-c	Other relevant business relationships	Pg. 57
Disclosure 2-6-d	Significant changes in 2-6	No relevant changes
Disclosure 2-7 Employees		
Disclosure 2-7-a	Total number of employees	Year 2020; 162 Year 2021; 651
Disclosure 2-7-b-i	Permanent employees	Year 2020; 520 Year 2021; 525
Disclosure 2-7-b-ii	Temporary employees	Year 2020; 101 Year 2021; 126
Disclosure 2-7-b-iv	Full-time employees	Year 2020; 621 Year 2021; 651
Disclosure 2-7-c	Methodologies and assumptions used to compile the data	We have direct and temporary employees (full time), the information is reported in our ERP:SAP system.
Disclosure 2-7-d	Contextual information necessary to understand data reported	Temporary employees are brought into operating activities during peak season due to an increase in demand.
Disclosure 2-7-e	Significant fluctuations in the number of employees	Year 2020; 6,12% / Year 2021; 13,06% due to the growth in manufactured tonnes

GRI	NAME	LOCATION IN THE REPORT
Disclosure 2-9 Governance structure and composition		
Disclosure 2-9-a	Governance structure	Pg. 10
Disclosure 2-9-b	Comittees of the highest governance body that are responsible for decision-making	Pg. 10
Disclosure 2-9-c	Composition of the highest governance body	Pg. 10
Disclosure 2-9-c-i	Executive and non-executive members	All members of the highest governance body are executives.
Disclosure 2-9-c-ii	Independence	Pg. 10
Disclosure 2-9-c-v	Gender	In 2022, the first woman will be joining the highest governance body.
Disclosure 2-9-c-viii	Stakeholder representation	Pg. 16
Disclosure 2-11 Chair of the highest governance body		
Disclosure 2-11	Highest governance body is also an executive senior of the company	The chair of the highest governance body of the organization is not an executive.
Disclosure 2-12	Role of the highest governance body in overseeing the management of impacts	Pg. 10
Disclosure 2-13 Delegation of responsibility for managing impacts		
Disclosure 2-13-a	Delegation of responsibility for managing impacts	Fundación Luker manages the organization's impact.
Disclosure 2-14 Role of the highest governance body in sustainability reporting		
Disclosure 2-14	Role of the highest governance body in sustainability reporting	The highest governance body is responsible for reviewing and approving the reported information. It does this through meetings with the core team managing the report.
2-15 Conflicts of Interests		
Disclosure 2-15-a	Process for avoiding conflicts of interest	At Luker Chocolate, we are governed by strict standards and policies in our transparency and ethics program, where we identify and promote those potential behaviors, such as conflict of interest, which must be reported and declared according to established procedures to the immediate leader and the human resources area for their knowledge and monitoring.
Disclosure 2-16 Communication of critical concerns		
Disclosure 2-16-a	Communication of critical concerns	At Luker Chocolate, we follow strict standards and procedures for communicating relevant issues to our stakeholders. Our main communication line is from our crisis committee to the Steering Committee and then to the Board of Directors. During 2020-2021 we held two specific spaces for addressing critical concerns.
Disclosure 2-18 Evaluation of the performance of the highest governance body		
Disclosure 2-18-a	Process for evaluating performance of highest governance body	Senior Executives are paid both fixed and variable salaries. The Board of Directors has a fixed payment linked to their attendance on the board committees.
Disclosure 2-20 Process to determine remuneration		
Disclosure 2-20-a	Process for designing remuneration policies	There is an established salary for the entire organization. There are certain variables that are taken into account for specific positions, such as social, environmental and economic indicators. The performance evaluation also contemplates social, environmental and economic objectives that mobilize growth and additional remuneration bonuses.
Disclosure 2-21 Annual total compensation ratio		
Disclosure 2-21-a	Annual total compensation	13X / It compares C-level positions with operational level, all of them working full time.
Disclosure 2-21-b	Percentage increase of the total annual compensation	"2020: The salary increase up to 2MW was the same to the Minimum Wage in Colombia that was: 6% and for the other ones the increase was the Consumer Price Index equal to 3.80% 2021: The salary increase up to 2MW was the same to the Minimum Wage in Colombia that was: 3.5% and for the other ones the increase was the Consumer Price Index equal to 1.61%"
Disclosure 2-22 Statement on sustainable development strategy		
Disclosure 2-22-a	Statement on sustainable development strategy	Pg. 4
Disclosure 2-23 Policy Commitments		
Disclosure 2-23-a	Policy commitments for responsible business conduct	Luker Chocolate has created a transparency program with a code of ethics and a human rights policy. The program is shared with the different stakeholders with due diligence mechanisms. Annually, it is updated and communicated, and all the employees and suppliers are trained on it. / Pg. 13
Disclosure 2-23-b	Specific policy commitment to respect human rights	Pg. 13

GRI	NAME	LOCATION IN THE REPORT
Disclosure 2-24 Embedding policy commitments		
Disclosure 2-24-a	Embedding policy commitments	Pg. 13
Disclosure 2-25 Processes to remediate negative impacts		
Disclosure 2-25-a	Processes to remediate negative impacts	There is a procedure for applying human rights and a complaints and governance mechanism. In addition, we have a coexistence committee in the organization.
Disclosure 2-26 Mechanisms for seeking advice and raising concerns		
Disclosure 2-26-a	Mechanisms for seeking advice and raising concerns	We have created a specific security line and website where stakeholders can make reports and internally activate a procedure for attention, solution and preventive actions. Security Line 018000 113770 PBX +571 447 3700 - 10123
Disclosure 2-27 Compliance with laws and regulations		
Disclosure 2-27-a	Compliance with laws and regulations	Luker Chocolate duly complies with all relevant regulations and laws.
Disclosure 2-28 Membership associations		
Disclosure 2-28-a	Membership associations	National Business Association (ANDI), World Cocoa Foundation, Britcham, European Cocoa Association, Cocoa, Forest and Peace
Disclosure 2-29 Approach to stakeholder engagement		
Disclosure 2-29-a	Approach to stakeholder engagement	Pg. 16 - 17
Disclosure 2-30 Employees covered by collective bargaining agreements		
Disclosure 2-30-a	Employees covered by collective bargaining 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.
GRI 205 Anti-corruption		
Disclosure 205-1	Operations assessed for risk-related to corruption	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.
GRI 206 Anti-competitive Behavior		
Disclosure 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly 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 un- fair competition, monopolistic practices or acts that affect free competition.
GRI 3 Material topics		
Disclosure 3-1, 3-2, 3-3	Process of determining the material themes. List and management of material issues.	The management of the material issues is explained in the following pages of the report: Pg. 15 - 18
GRI 302 Energy		
Disclosure 302-1	Energy consumption within the organization	Consumption in Gigajoules (GJ) Year 2020 Electric energy: 36783,38 GJ Natural gas: 46674,34 GJ ACPM: 170,4 GJ Year 2021 Electric energy: 40046,01 GJ Natural gas: 50636,73 GJ ACPM: 544,57 GJ
Disclosure 302-1-a	Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.	Consumption in Gigajoules (GJ) Year 2020 Electric energy: 36783,38 GJ Natural gas: 46674,34 GJ ACPM: 170,4 GJ Year 2021 Electric energy: 40046,01 GJ Natural gas: 50636,73 GJ ACPM: 544,57 GJ Año 2021 Energía eléctrica: 40046,01 GJ Gas natural: 50636,73 GJ ACPM: 544,57 GJ
Disclosure 302-1-b	Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.	The organization's fuel consumption does not come from renewable resources.

GRI	NAME	LOCATION IN THE REPORT
GRI 303 Water and Effluents		
Disclosure 303-1	Interactions with water as a shared resource	In 2020, consumption was 25.4 megalitres. While in 2021 it was 30,5 megalitres. we implemented rainwater collection
GRI 304 Biodiversity		
Disclosure 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No activity has been developed in protected areas, nor do we own, lease or manage any operational site in protected areas.
Disclosure 304-2	Significant impacts of activities, products and services on biodiversity	There are no significant impacts on biodiversity caused by our products, services and activities.
GRI 305 Emissions		
Disclosure 305-1	Direct (Scope 1) GHG emissions	Emissions Tons of CO2 Equivalent: 2020: 2488 2021: 2536
Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	Emissions Tons of CO2 Equivalent: 2020: 1122 2021: 1224
Disclosure 305-3	Other indirect (Scope 3) GHG emissions	There are no scope 3 emissions.
Disclosure 305-4	GHG emissions intensity	Emissions Tons of CO2 Equivalent: 2020: 111,41 2021: 109,1
Disclosure 305-5	Reduction of GHG emissions	Pg. 71
GRI 306 Effluents and Waste		
Disclosure 306-2	Waste generated	we reduced our total waste generation by 12% thanks to the strengthening of separation at source, waste utilization, and process optimization strategies in order to reduce losses Year 2020 Non-hazardous waste: 450,914 tons Usable materials: 357,662 tons Ordinary waste: 102,626 tons Hazardous waste: 9,691 tons Year 2021 Non-hazardous waste: 434,560 tons Usable materials: 328,731 tons Hazardous waste: 7,177 tons Ordinary waste: 44,314 tons
GRI 308 Supplier Environmental Assessment		
Disclosure 308-1	New suppliers that were screened using environmental criteria	We have procedures to ensure that CasaLuker's strategic 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 environmental programs promoting the triple impact
GRI 401 Employment		
Disclosure 401-1-a	New employee hires	Year 2020: 227 Year 2021: 509
Disclosure 401-1-b	Employee turnover	Year 2020: 6.12% Year 2021: 13.06%
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part- time employees	We have different benefits for education, death, disability, scholarships, loans, health, among others. Investment year 2020 \$192,528.02 and 2021 \$223,986.47, increasing 16%.
Disclosure 401-3	Parental leave	a. All employees are entitled to parental leave. b. 2020 - 14 women / 2021: 11 women 2020 - 10 men / 2021: 11 men c. All employees returned to work after parental leave. d. All employees who undertook parental leave were employed 12 months after their return to work.
GRI 403 Occupational Health and Safety		
Disclosure 403-5	Worker training on occupational health and safety	In Luker Chocolate, as part of our health and safety system, health evaluations and training are carried out for employees, contractors and other persons entering the facilities.
Disclosure 403-8	Workers covered by an occupational health and safety management system	The LUKER CHOCOLATE Occupational Health and Safety Management System (OSHMS) applies to all workers directly linked through temporary contracts, apprenticeship contracts and others established by law, covering the different positions and work centres, and operations areas.

GRI	NAME	LOCATION IN THE REPORT
GRI 404 Training and Education		
Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Pg. 62 - 69
GRI 408 Child Labor		
Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labor	Our Human Rights Policy includes measures for protection against child exploitation guidelines. In Colombia there is no risk of Child Labour in the cocoa activity.
GRI 409 Forced or Compulsory Labor		
Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	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.
GRI 410 Security Practices		
Disclosure 410-1	Security personnel trained in human rights policies or procedures	100% of Luker Chocolate's security personnel are trained in human rights policies and procedures.
GRI 413 Local Communities		
Disclosure 413-1	Operations with local community engagement, impact assessments, and development programs	Pg. 19 - 52

**CHOCOLATE AS
A PATH TOWARDS
COLLABORATIVE
GROWTH**

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