LUKER Chocolate

The Chocolate Dream

Progress report 2024

Certified B Corporation

Navigating Change: **Resilience and Growth in 2024**

For Luker Chocolate, as well as for the chocolate industry, 2024 was a year of constant adaptation. In 2024, cacao prices reached historic highs, bringing both gains and challenges. The industry faced growing demands for transparency, stricter regulations on deforestation-free sourcing, and increasing pressure for fair value distribution across the supply chain. Meanwhile, rising transportation costs and shifting market conditions tested the resilience of the cacao sector.

At Luker, the volatility in cacao prices presented both opportunities and difficult decisions. While we were pleased to see farmers benefit significantly from higher prices, we had to adjust our purchasing practices to respond to the constant volatility and maintain financial balance. Ensuring long-term sustainability required difficult trade-offs—adjusting our sourcing strategy, managing risks, and working closely with our clients to prevent disruptions.

In 2024, Luker paid 103% of the market price to farmers, reinforcing our commitment to equitable value distribution. The higher cacao prices had a profound impact on farmers in Colombia, tripling their incomes. This growth empowered them to reinvest in their farms, improve food security, enhance infrastructure, and adopt more sustainable farming practices. As a result, 2024 marked one of the largest harvests in Colombia's history, with a total production of 73,000 tons.

At the same time, we worked closely with our clients to navigate the complexities of price volatility and evolving international regulations. By maintaining strong, transparent relationships and providing timely support, we helped our clients confidently manage the uncertainties of a rapidly changing cacao market. In response to growing global expectations around sustainability, traceability, and food safety, we have developed new capabilities to ensure compliance and help our clients quickly respond to the ever-changing global regulatory landscape. As of October 2024, every piece of chocolate Luker exports to the European Union complies with EUDR regulations on deforestation-free supply chains.

This year made it clear that, despite volatility, we share a common purpose with our clients, partners, and suppliers: securing the future of chocolate. Uncertainty highlighted the importance of the collaborative approach we have always prioritized, reinforcing our focus on long-term sustainability. Through The Chocolate Dream, we supported over 4,300 families, reinforcing our commitment to shared value at origin and carried out 27 active projects directly impacting communities across 6 regions in Colombia. Investment reached 6% of our EBITDA, and for every $1 committed by Luker Chocolate, an additional $1 was leveraged in value through the support of local and international allies, as well as clients actively participating in the Dreamers Club.

As a proud B Corp-certified, we firmly believe that for our business to be sustainable, the entire supply chain must be as well. This year, we had to make adjustments that tested our resilience and challenged us to innovate, always with the goal of protecting both the communities we work with and the commitments we have made to our clients. We invite you to explore this report to better understand the steps we've taken, the lessons we've learned, and the path forward as we continue to shape a more sustainable and equitable chocolate industry.

Julia Ocampo

VP of Cacao Sourcing and Sustainability

Luker's Sustainability Scope

Luker measures sustainability across four core areas:

People, Community, Engaging Farmers and Suppliers and **Environment**.

Our progress against goals is summarized in the following pages.

People

At Luker Chocolate, our people are our foundation. As a B Corp-certified company, we foster an inclusive, caring culture where diversity is celebrated, and wellbeing is prioritised. By balancing purpose with performance, we create a workplace where everyone can thrive and contribute meaningfully.

Community

Through The Chocolate Dream, we invest in building stronger, more resilient communities. By enhancing family incomes, improving social wellbeing, and promoting environmentally positive practices, we create opportunities for rural families to flourish and turn shared values into lasting impact.

Farmers and Suppliers

Our relationships with farmers and suppliers are built on trust and long-term commitment. Through sustainable sourcing, traceability, and training, we empower farmers to adopt responsible practices while ensuring transparency and respect for people and the planet at every step of the supply chain.

Environment

Our commitment to the planet drives us to pursue a climate-positive future. From working towards carbon net zero to embracing water and energy conservation and circular economy principles, we are taking bold, meaningful steps to reduce our impact and create positive change.

People

Employee well being

At Luker Chocolate, we foster a work environment that integrates professional growth, economic empowerment, and well-being, with a strong commitment to including the most vulnerable employees* in initiatives that enhance their quality of life. Through skills training, entrepreneurship support, and inclusive employment programs, we create opportunities that benefit both employees and their communities.

We are committed to diversity, equity, and inclusion, ensuring fair access to opportunities and a supportive workplace. This includes integrating underrepresented groups, promoting leadership development, and implementing policies that enhance work-life balance.

Beyond professional development, we prioritize overall well-being by providing financial guidance, health resources, and career growth opportunities. By aligning these efforts, we create a workplace where employees feel valued, engaged, and empowered to contribute to a more sustainable future

*We consider a vulnerable employee to be someone who, due to their gender, socioeconomic status, or belonging to historically underrepresented groups, may experience greater challenges or specific needs in accessing equitable opportunities.

Goal 2027

Include the most vulnerable employees* *in projects to improve their well-being.*

Progress 2024

We have made progress in including our most vulnerable employees in key initiatives:

- **Strengthening Socioeconomic Well-being**

As part of our vulnerability assessment, 20 employees and their families, in partnership with CONFA (Caja de Compensación Familiar de Caldas), are improving their socioeconomic conditions through financial guidance, habit changes, and family well-being initiatives.

- **Advancing Gender Equity**

Over 1,500 employees received training on women's empowerment, diverse realities, and transformative learning, equipping them to be advocates for equity within their roles.

- **Inclusive Employment for Migrants**

Our migrant inclusion programme has successfully supported their integration into the Luker family, fostering collaboration, reducing bias, and strengthening a diverse workplace culture.

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B Corp

As a business within Casa Luker, we remain a proud B Corp-certified company, committed to integrating sustainability, social impact, and responsible business practices across all areas of our operations. This year, we focused on strengthening engagement with employees, suppliers, and clients, ensuring a shared understanding of what it means to be part of a B Corp.

To track progress, we established 60 actions across different areas, monitored by the B+ Committee to ensure alignment with Luker's values and objectives as we move towards B Corp recertification.

We reinforced our commitment through training workshops with suppliers on governance, human rights, and environmental topics, alongside initiatives promoting B Corp culture throughout our business operations.

To further embed B Corp standards, we reviewed and adjusted policies related to human rights, diversity, equity and inclusion, talent development, and employee recognition. We also strengthened sustainable purchasing policies, supplier evaluations, and governance structures, consolidating decision-making committees like the B+ Committee. These efforts ensure that B Corp principles are integrated into our impact model and business strategy.

Goal 2027

Mantain our B CORP Certification *as a testament to our dedication towards continually improving and generating a positive impact on society and the environment.*

Progress 2024

Throughout the year, we implemented actions across all B Impact areas— *Governance, Employees, Community, Environment, and Customers—integrating them into our Integrated Management System. This approach provides a comprehensive view of our business and supply chain, ensuring alignment with our sustainability commitments.*

Community

The Chocolate Dream

Since 2018, The Chocolate Dream has been transforming lives across Colombia's cacao value chain. By addressing the challenges of cacao-producing regions, we empower communities by listening to their needs and co-creating solutions that deliver economic, social, and environmental impact.

In 2024, 30 organisations—including NGOs, academic institutions, and partners from both the public and private sectors—joined us in building sustainable, long-term relationships tailored to each region. Through these efforts, we reached over 4,320 families with The Chocolate Dream, supporting local communities and strengthening our shared commitment to creating lasting impact.

Through the Dreamers Club, we invite our global clients to invest directly in these efforts, connecting them with the origins of their chocolate while aligning with their sustainability goals. This year, 6% of our EBITDA was invested in The Chocolate Dream, and for for every $1 committed by Luker Chocolate, an additional $1 was leveraged in value through allies and Dreamers, driving meaningful change for cacao communities.

30

organizations supporting The Chocolate Dream in 2024

8

Dreamers investing in change for cacao communities

6%

of EBITDA dedicated to bringing The Chocolate Dream to life

Allies

Global institutions

Academy

Dreamers

NGOs

Private sector

Improving cacao family incomes

Luker Chocolate is committed to increasing the incomes of cacao-growing families by improving profitability, enhancing quality, and creating more direct market connections. Our efforts focus on optimizing productivity and refining post-harvest processes, while strengthening cacao associations through capacity building in administration, commerce, and governance. Additionally, we actively promote entrepreneurship and income diversification, equipping farmers with opportunities to expand their revenue streams and build stronger, more sustainable livelihoods within the cacao sector.

Goal 2027

1,500

families with 20% more income*

through higher profitability, quality and sustainability premiums and a shorter cacao value chain.

Progress 2024:

1,397

families with income increased by 12%*

* based on 2021 and excluding the price variable

Álvaro, a cacao farmer from Palestina, Caldas, values his partnership with Luker Chocolate, where fair prices and strong market connections support his farm's growth.

"I work hand in hand with Luker for a better future. Thank you for fair prices and good commercial opportunities."

Enhancing social well-being

Luker Chocolate is dedicated to strengthening social well-being in rural communities through education and entrepreneurship. Our initiatives inspire a passion for cacao, promote gender-focused entrepreneurship, and raise awareness of human rights, including the prevention of child labour and modern slavery. By supporting local education projects, we help children and youth develop skills, stay connected to their communities, and build brighter futures.

Goal 2027

5,000

Families with improved quality of life

through education, rural entrepreneurship, and human rights enforcement.

Progress 2024:

4,320

Families with improved quality of life.

Brayan, from Gigante, Huila, town of high quality cacao, understands the value of Generación R, one of the projects of The Chocolate Dream.

"Here, where cacao is our treasure, we recognize that Generación R is our ally in building a prosperous future full of opportunities. From the very beginning, we were heard and actively involved in shaping a project that will allow us to develop our life plans without having to leave our territory."

Encourage environmentally positive practices

Luker Chocolate is dedicated to promoting environmentally positive practices through projects that enhance biodiversity, conserve water, and protect forests. Our initiatives focus on implementing regenerative agricultural practices, fostering conservation strategies, and reducing environmental impact. These initiatives include training, biodiversity monitoring, composting, improving soil health, and responsible waste management. Together, they contribute to ecosystem restoration while empowering communities to take an active role in caring for their natural resources.

Goal 2027

15,000

hectares covered with environmentally positive practices

focusing on sustainability, enhanced biodiversity, water conservation, and forest protection.

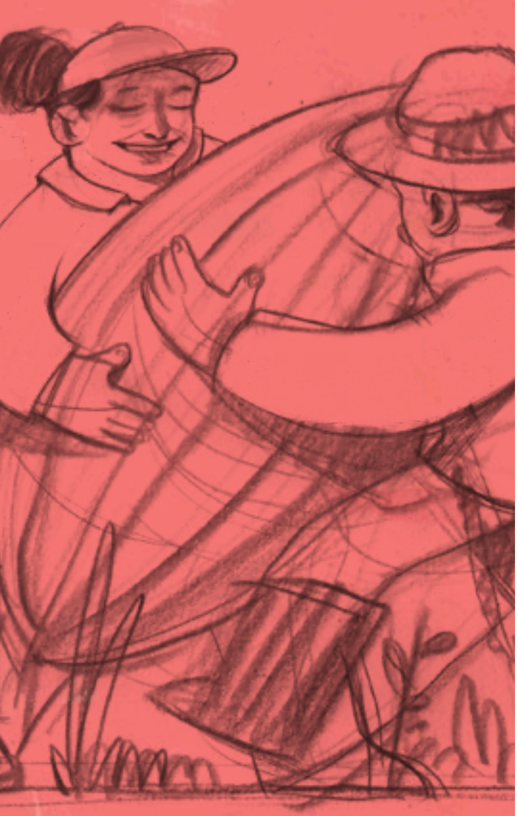
Progress 2024:

12,408

hectares covered with environmentally positive practices

One of our team members spotted these **Buff-necked Ibises** (Theristicus caudatus), also known as **Bandurrias Baya**, during **Global Big Day**—a worldwide event where bird enthusiasts report sightings on the same day. Each year, we invite farmers, local communities and employees to join. **In 2024, we recorded 182 bird species.**

Farmers and Suppliers



Sustainable sourcing and high price transfer

At Luker Chocolate, enhancing the livelihoods of farmers in Colombia is at the core of our mission.

By providing field-based support and promoting sustainable practices, we empower farmers to sell their cacao, ensuring that their hard work translates into real value.In 2024, Luker paid 103% of the cacao price in New York, including bonuses for quality and sensory profiles.

Paying over 100% was a result of market volatility. The cacao price for farmers was historically adjusted weekly. However, since September 2024, Luker has been updating the price daily to reduce the impact of volatility.

The increase in cacao prices worldwide, while a challenge for the sector, marked a turning point for Colombian farmers, offering life-changing opportunities.

For a family of four, the minimum living wage in rural Colombia is approximately 30 million pesos annually (USD 7,500). Previously, income from cacao accounted for a third of that amount. However, with the 2024 prices, farmers earned more than 30.5 million pesos (USD 7,625), enabling them to reinvest in their farms, improve food security, and boost productivity.

Cacao associations also benefited, gaining higher margins and reinvesting in working capital to purchase greater volumes from farmers.

For Luker, maintaining stable relationships with suppliers through prepayments and preferential rates ensures that the value chain remained sustainable.

Goals 2027

- **Ensure that a minimum of 90% of the cacao price in New York is paid** to the cacao supplier and trace the **transfer of the price to the farmer for 100% of the purchases.**

Progress 2024

- **103% of the market price for cacao** was transfered to the suppliers throughout the year.
- **3x The income of rural families** from cacao production tripled in 2024.

Traceability

Traceability is at the core of Luker Chocolate's commitment, ensuring that every step of the cacao journey—from farm to customer—is transparent and accountable. Through the Luker Trace system, supported by Trusty | Agrifood Supply Chain Management, we trace cacao from its origin, collecting detailed field data on farming practices, through its transformation in our production facilities, to its destination.

This system is bolstered by cutting-edge tools like GPS mapping and blockchain technology, which allow us to monitor forest health, track price transfers, and verify sustainable practices across the supply chain. By combining innovation with collaboration, we work closely with farmers and suppliers to uphold our commitments to no deforestation, no child labour, and fair economic practices.

Goals 2027

- **Fully implement a comprehensive traceability system** to ensure our commitments to sustainable sourcing are met and to maintain transparency across the entire cacao supply chain.
- **Maintain complete traceability for all regional buyers and associations**, ensuring 100% accountability and visibility

Progress 2024

- **100% traceability** from regional buyers and associations
- **28.3% Cacao purchases** can be directly traced back to individual farmers, with clear evidence of price transfer.
- **4,732 farms have been successfully traced**, incorporating both demographic and environmental metrics.

Our commitment to no deforestation - Aligning with the EU Deforestation Regulation (EUDR)

The European Union's Deforestation Regulation (EUDR) represents an effort to curb global deforestation by ensuring that products entering the EU market are deforestation-free and respect human rights throughout the supply chain. At Luker Chocolate, we fully support this initiative and are committed to showing that our practices already meet its requirements, staying true to our dedication to responsible and ethical cacao production.

Over the past year, we have implemented a comprehensive monitoring system, to ensure full traceability across our cacao supply chain. Through initiatives like farm mapping, risk assessments, and enhanced due diligence, we can guarantee compliance with EUDR's stringent standards.

As of October 2024, all Luker exports to Europe comply with EUDR, and we are ready to provide the necessary documentation to support this commitment. While the formal timeline for enforcement has been postponed by one year to allow for smoother implementation, our readiness demonstrates our proactive approach. Leveraging the advanced capabilities of the Luker Trace system, which integrates farm-level data and deforestation monitoring, we are not only prepared for regulatory changes but also well-positioned to adapt as new standards evolve.

Goal 2027

100%

Cacao sourcing with evidence of no deforestation.

Progress 2024:

- **34.2 % Of exported cacao with evidence of no deforestation** and included in our traceability system.
- As of October 2024, **all Luker exports to Europe comply with EUDR** and we are registered in their platform TRACES

Regenerative Agriculture

Regenerative agriculture focuses on restoring soil health and ecosystems by viewing agriculture as an interconnected system rather than a linear supply chain. At Luker Chocolate, this philosophy guides efforts to support farmers and strengthen the cacao economy. Key practices include agroforestry, organic fertilising, and reforestation.

In partnership with Fundación Bancolombia and Portafolio Verde (local NGO'S) Luker has pioneered Colombia's first regenerative cacao farmers group, helping 80 farmers adopt sustainable techniques and monitor soil health. Additionally, the alliance hosted an annual event promoting regenerative farming, bringing together 280 people from national and international experts to inspire adoption across the cacao sector.

Goal 2027

300 farmers

Implementing agricultural technologies in cacao crops to support soil and ecosystem recovery

Progress 2024:

80 farmers

Implementing agricultural technologies in cacao crops to support soil and ecosystem recovery. They have now achieved Regenerative Organic Certified® (ROC) certification and are actively commercialising chocolate made with their regenerative cacao.

Environment

Reaching Net Zero

We are committed to reduce carbon emissions while driving sustainable growth.Our strategy is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD), which includes board-level oversight, decarbonisation metrics, and targeted actions to reduce both energy and industrial (E&I) and Forest, Land, and Agriculture (FLAG) emissions.

In December 2024, our net-zero goal for 2050 was validated by the Science Based Targets initiative (SBTi). This recognition affirms our commitment to reducing emissions by 30% by 2030 and 75% by 2050, using 2021 as the base year. These targets cover Scope 1, Scope 2, and Scope 3 emissions across our entire value chain.

During 2024, we refined our Corporate Carbon Footprint (CCF) measurement by separately reporting FLAG emissions, following the Land Sector and Removals Guidance. To support clients' sustainability goals, we conducted a Carbon Lifecycle Analysis (LCA) for 25 products, using a methodology verified by Carbon Trust and HowGood.

Our efforts to reduce emissions are focused on key areas. We have improved energy efficiency, reducing natural gas consumption, and now source 100% of our energy from renewable sources, with 2% generated on-site by solar panels. Additionally, we target Scope 3 emissions by optimising logistics, packaging, and sustainable sourcing.

To further advance climate action, we acquired 6,775 carbon credits from carbon capture initiatives at our farm "El Paraíso" in Casanare and through smallholder cacao farmers. While these credits are not part of our SBTi targets, they contribute to reducing emissions and enhancing sustainability across our cacao supply chain.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Goal 2027

- **28% reduction**

  in energy and industrial carbon emissions for **Scope 1 and 2,** and a **17% reduction for Scope 3,** compared to our baseline year of 2021.

Progress 2024:

- **22% reduction**

  on scope 1 and 2 in energy and industrial carbon emissions.

- **we sourced 100%**

  of our energy from **renewable sources**

Circular Economy

At Luker Chocolate, the circular economy remained a key priority in 2024 as we focused on reducing waste, improving packaging, and advancing upcycling initiatives. By the end of the year, 87% of our packaging materials were recyclable in destination markets, supported by material identification seals to enhance recycling efforts.

As part of these advancements, our upcycling initiative made progress in 2024. One significant milestone was the successful completion of the international funding stage, securing resources through cooperation agreements to drive the project forward. In parallel, we finalized the transformation of a warehouse in Casanare into a dedicated facility for producing small-scale cacao byproducts. These advancements have laid the groundwork for further innovation, with the first upcycled product already prepared for launch in 2025.

In addition, our zero-waste strategy in 2024 led to 1,103 tonnes of waste being recycled or composted out of the 1,132 tonnes generated in production. Only 3% of total waste ended up in landfills. We also improved water efficiency, reducing consumption per tonne of chocolate produced by 3%, and captured 750 m^3 of rainwater during a year of reduced availability caused by extreme El Niño conditions.

These sustainability efforts culminated in the successful recertification of our environmental management system under ISO 14001 by SGS, reinforcing our commitment to best environmental practices across all operations.

Goal 2027

- **94%**
  of all packaging materials to be **100% recyclable** in the destination market.

Progress 2024:

- **87%**
  Of our packaging materials are **100% recyclable** in the destination market.

- **97%**
  Of our operational waste, was recycled or composted by waste management organisations to ensure responsible reuse.

- Upcycling milestone achieved with **new production facility in Casanare.**

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A sustainable impact

Beyond the numbers, the true impact of our work is reflected in the lives of those who cultivate cocoa. Elger and Nubia's story is a testament to the transformation of communities—a change made possible through sustainable farming, knowledge-sharing, and long-term commitment.

In Belalcázar, Caldas, their farm is more than just a place of work—it is a thriving ecosystem. Surrounded by lush biodiversity, their land is home to a rich variety of bird species and a diverse mix of crops, including avocado and plantain, which complement their cocoa production. They also raise chickens and fish, creating a sustainable source of food and income for their family.

In 2023, they joined the Masters of Cocoa project, an initiative of The Chocolate Dream, which gave them the knowledge and tools to enhance both their productivity and environmental practices. On their farm, they manage waste responsibly, classifying organic waste for composting, separating recyclable and non-recyclable materials, and ensuring that agrochemical containers from phytosanitary treatments are properly disposed of. These efforts not only protect the environment but also contribute to a healthier and more efficient farm.

In 2024, they saw another milestone—their efforts were further strengthened by higher cocoa prices, allowing them to invest even more in their farm, their family, and their future.

Elger and Nubia are just one of more than 4,000 families we support through our commitment to sustainable cocoa. For them, cocoa is not just a crop; it is a way of life—one that brings opportunity, security, and a future full of possibility. As Elger puts it:

"For us, cocoa is a life choice, and I encourage others not to hesitate—this is a real opportunity for a better future."