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SUSTAINABILITY REPORT 2018 RECAP







Ever since it launched its Live Long sustainability program, Valrhona has committed to continuously improving its practices. This is why we have chosen to develop this year's CSR report so that we align ourselves ever-more closely with current regulatory standards

- Even though there are no legal obligations on us to do so.

Our determination to aim for a regulatory-style report reaffirms our brand's ambition to offer our stakeholders absolute transparency about issues affecting our industry; our response to these issues; the objectives we have set ourselves; and the strategies we have selected to help us make the progress we need.

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Clémentine Alzial
CEO AT VALRHONA

Having recently been appointed to lead Valrhona, I would like to follow in my predecessor's footsteps by placing my convictions at the heart of the company's strategy.

In the future, businesses will only flourish if they place the same importance on their social and environmental impact as on their financial results. This is why we are working to become a certified B Corporation. The assessment system B Corp offers will serve as our guide as we work to make our business better for the world around us.

By buying Valrhona, our customers choose a responsible chocolate that is 100% traceable and sourced directly from 10,262

producers who we support in adopting good social and environmental practices. They also choose a company that has been partnering the food sector and supporting chefs for almost 100 years.

But Valrhona is, above all else, the story of its people. Beyond our status as a chocolate company, our strength lies in the ties we forge between producers, employees and customers. These ties, which we continue to reinforce every single day, help cocoa producers improve their livelihoods and enable our customers to unleash their creativity in an ever-more sustainable way.

Let's act now for the responsible gastronomy of tomorrow!

INTRODUCTION

VALRHONA'S PLACE AT THE HEART OF A SUSTAINABLE GROUP

Savencia Group

Valrhona has been part of the Savencia Saveurs et Spécialités Group since 1984, and belongs specifically to the Savencia Gourmet division. The Savencia Group has two divisions, Savencia Fromage & Dairy and Savencia Gourmet. The latter works to develop Valrhona and other internationally renowned luxury chocolate brands such as Maison du Chocolat, Weiss, De Neuville and Révillon.

The Group, which is based in 29 countries and sells its products in 120, has always been determined to stay true to its founding values and goal of “doing business to create a well-nourished world”. The Group is committed to its responsibilities and to meeting tomorrow’s challenges, which is why Savencia launched its “Oxygen” CSR strategy in 2018. The program’s ambition is to combine meaning and company success, working with partners and innovating for a better world.

Over the coming years, Oxygen will focus on four major areas for progress by 2025:

- Providing consumers with healthy, ethical food that tastes delicious
- Sustainable agricultural practices for producers
- Reducing operations’ environmental footprint
- Promoting staff welfare and skills



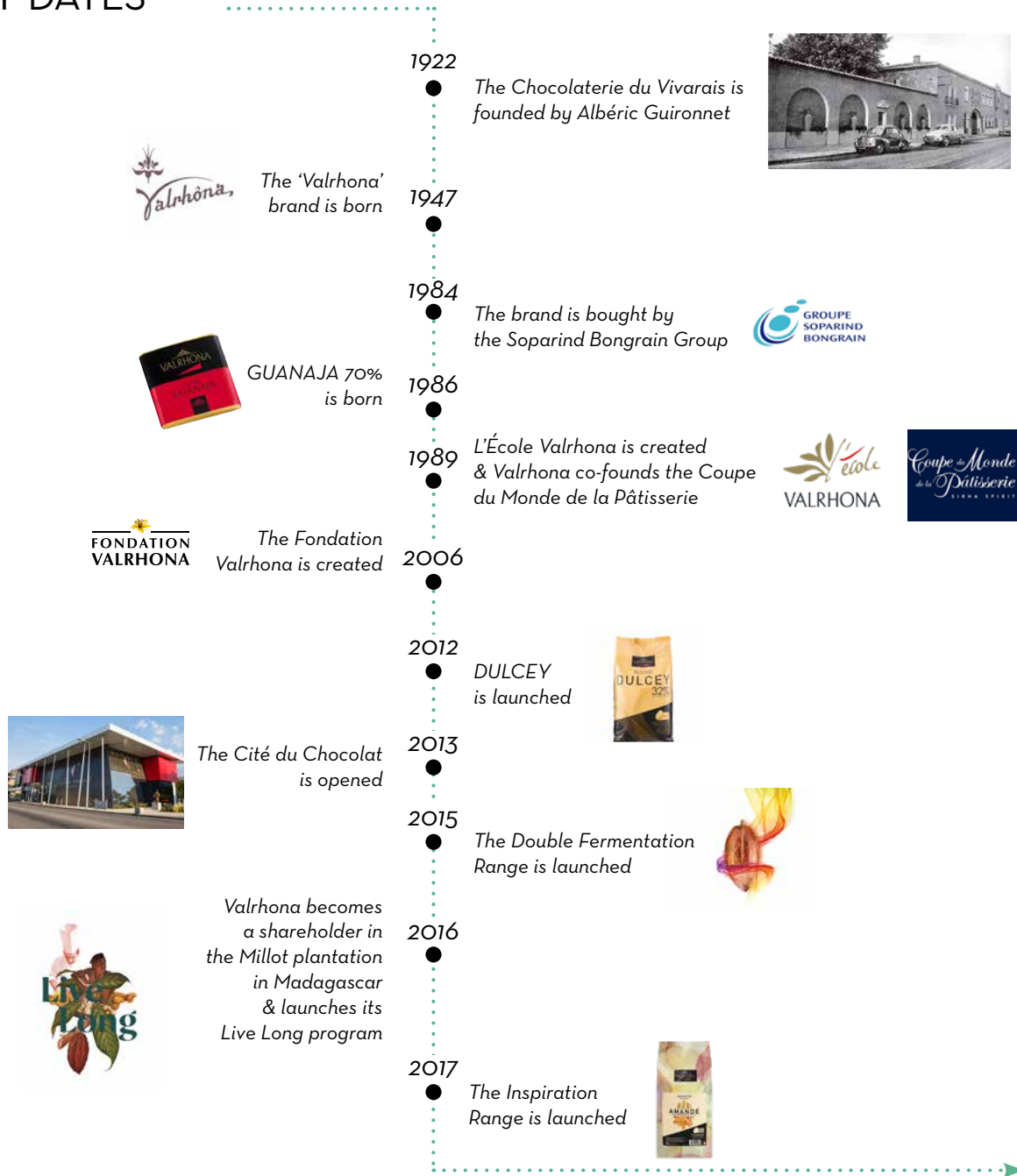
OUR HISTORY

As a partner to chefs since 1922, we at Valrhona believe that, together, we can imagine the best of chocolate. By joining forces with Valrhona, you contribute to creating a more sustainable cocoa sector. Together:

- We imagine the best in the selection and cultivation of fine cocoa so that we can promote aromatic diversity.
- We imagine the best of chocolate and the expanding of aromatic ranges thanks to our wide range of couvertures, bonbons, decorations and other chocolate products.
- We imagine the best to promote gastronomy through our École and at our events.

Today, we make our products in two sites in Tain l'Hermitage. These are then exported to 73 countries across the world, thanks to our five subsidiaries and commercial offices in the USA, Japan, Hong Kong, Italy and Spain. Valrhona has over 15,000 direct customers.

KEY DATES



LET'S IMAGINE THE BEST OF CHOCOLATE

As a pioneer setting the standard in our market, our vision is to imagine the best of chocolate with you.

We believe in a collaborative approach to chocolate. We believe that we can create a more sustainable world of chocolate by sharing our experiences, and showing how our **social and environmental commitments** make a **vital contribution to the quality of our products**.

To imagine the best of chocolate, we must first scour the planet for fine cocoa.

This mission is carried out by our sourcing team, which selects the most unique cocoa varieties and forges long-term

relationships with producers. Collaborating in this way allows us to constantly enrich our understanding of cocoa, become producers ourselves in some plantations and, as a result, bring innovations to each stage of the chocolate-making process – growing, fermentation and drying – so that we can promote aromatic diversity in cocoa.

The future of cocoa lies in the plantation, which is why we make an on-the-ground commitment alongside our cocoa producer partners. We invest to improve local communities' well-being and to create the cocoa growing techniques of the future through the Cacao Forest program.

With Valrhona, you are part of forging a sustainable future for cocoa.

To imagine the best of chocolate, you need an ambition.

Ours is to endlessly perfect our chocolate-making expertise, to push the creative boundaries thanks to a constantly growing aromatic palette and to invent the next revolution in the world of chocolate.

From couvertures to chocolate bonbons, decorations and chocolates you can simply enjoy, our product range is designed to open up new horizons for you. This is so that you can express your talent with the total confidence that comes with consistent quality and flavor - And so that you can rely on a responsible partner who has fully committed to the environment, transparency and traceability.

A few great examples of our expertise:

- **Single Origins:** MANJARI, Cuvées du Sourceur (SAKANTI Bali & KILTI Haiti)
- **Ground-Breaking Innovations:** P125 CŒUR DE GUANAJA / DULCEY / INSPIRATION Range

With Valrhona, you give your creations an extra dimension. Our innovations accounted for **21.6%** of our overall turnover in 2018.

Last but not least, to imagine the best of chocolate, it is essential to share.

This means sharing expertise, so that everyone continues to progress. L'École Valrhona, the center for chocolate expertise, exists to train and support you. L'École's pastry chefs are here to guide you, and can even answer each and every one of your questions by phone. When you join our network, you are able to swap techniques, tips and recipes, allowing you to stay inspired, perfect your skills and move forward. For nearly 30 years, we have been encouraging creative pastry-making through events such as the Pastry World Cup and C³ Competition.

Thanks to the Cité du Chocolat and our association with food industry training schools such as École Bocuse and École Ferrandi, we are fostering future talent and contributing to our profession's development.

With Valrhona, you become part of a community that's passionate about chocolate.



Valrhona now buys **0.13%** of the world's cocoa.

The beans are first selected by a sourcing team tasked with seeking out the best cocoa.

Alongside this painstaking selection work, we offer our producers intensive support. We establish strong links with producers as a way of improving communities' living conditions and inventing the sustainable cocoa-growing practices of the future via our Live Long Cocoa program.

The beans are then processed in our chocolate factories, before being exported around the globe in our finished products.

Essentially devoted to professional customers (B2B), Valrhona has positioned itself in two segments of the chocolate market:

Premium and **Ultra-Premium**.

In 2018:

73

Countries

15,000

Customers

INNOVATION



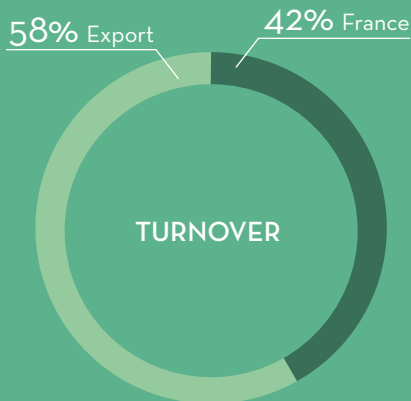
Innovations accounted for

21.6%

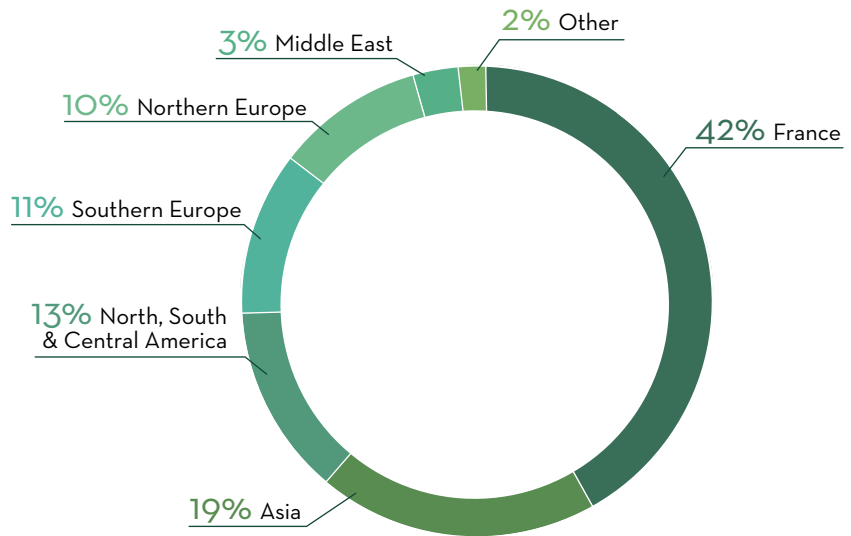
of our overall
turnover in 2018

OUR MAIN CUSTOMERS

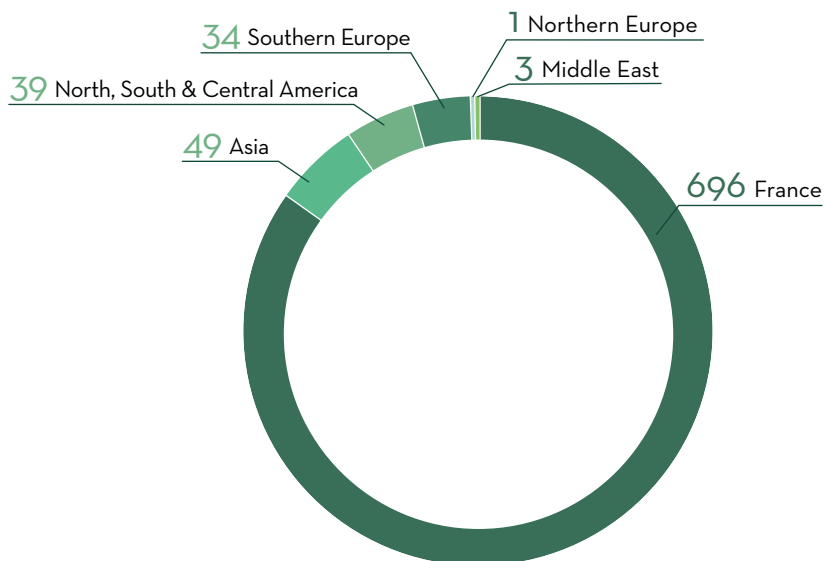
- Chocolatiers/Pastry Chefs
 - Hotels/Restaurants
- Selective Distribution Channels
 - Distributors



EACH GEOGRAPHICAL REGION'S SHARE OF OUR TURNOVER IN 2018 (AS A PERCENTAGE)



NUMBER OF EMPLOYEES BY GEOGRAPHICAL AREA IN 2018



Valrhona's Approach to Quality Assurance

In addition to the care with which our sourcing team selects our cocoas, we also guarantee our customers quality products thanks to a number of well-regarded certifications and quality assurance systems.

It is with this aim in mind that we renew our ISO 22000 certification every year as an affirmation of our commitment to food safety management.

To ensure the highest sensory quality of our products, we conduct **physical, chemical and sensory analyses on all batches of our cocoa**. More than 25 external experts run taste tests on our beans every day, guaranteeing the consistency of our chocolates' different aromatic profiles. Over 300 batches are analyzed every year.

Organic & Fairtrade Certified Range

Today, the cocoa sector faces a number of social and environmental issues that threaten its very existence. The future of the chocolate industry is in question, due to **declining biodiversity and soil quality**, as well as the poverty suffered by producers and their communities.

Thanks to our sustainability policy, our purchases and the way we design our products, we are responding to these issues on a daily basis.

For us, one way of doing this has been to develop our product range by launching an organic, fair trade range. These organic couvertures have had Fairtrade/Max Havelaar certification since 2016. We are also constantly working to improve the environmental practices that go into growing all our cocoas, whatever their origin, for the benefit of all our producers.

This range of certified chocolates also enables our customers to respond to growing demand for organic and fair trade products without losing any of the outstanding quality and flavor for which Valrhona is famous.



WE CURRENTLY HAVE FOUR PRODUCTS
WITH DOUBLE CERTIFICATION

Certified organic chocolate:

- Only includes ingredients made using natural agricultural production methods.
- Does not use synthetic chemicals.
- Employs cocoa-growing techniques that aid the agrosystem and biodiversity.

Organic certification is a reflection of the standards Valrhona sets for itself every day

“Fair trade” is a collection of actions which aim to improve the economic and personal well-being of raw material suppliers.

These actions:

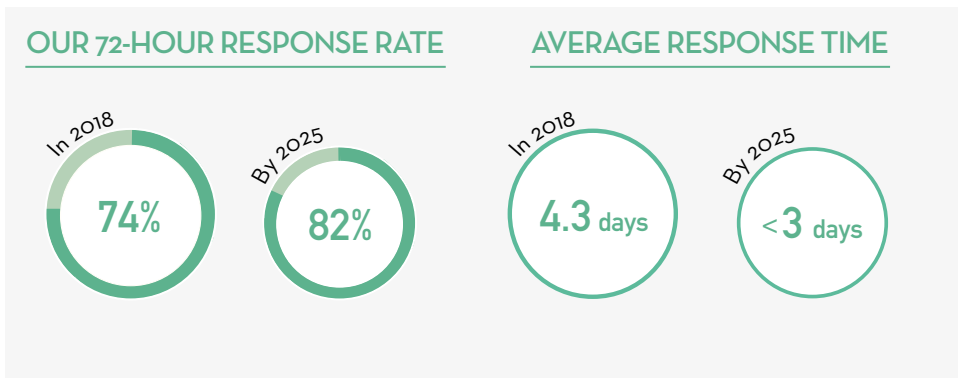
- Are based on traceability, respect and dialogue within commercial relationships.
- Contribute to sustainable development.
- Improve working conditions and eradicate child labor.
- Allow us to pay suppliers a fair price.

Our fair trade certification is a reflection of the practices Valrhona has used since it was founded.

Quality Products Should Come With Impeccable Service

We are proud to have always placed customer relations at the heart of our quality assurance work. Our stance informs everything from the design of our sustainable products and services, right through to our After Sales department.

For several years now, we have been monitoring certain indicators to ensure we provide a high-quality service:



CUSTOMER SERVICES:
THE HEART OF VALRHONA'S QUALITY ASSURANCE WORK

2.77
regulatory product complaints for every 1000 tons of product sold (objective: <1.74 by 2025)

1.33
food safety complaints for every 1000 tons of product sold (objective: <1.74 by 2025)

ETHICAL GOVERNANCE

Good HR management, interpersonal respect, product quality, food safety and careful environmental practices are all general principles to which the Savencia Group and Valrhona have made commitments.

To ensure these principles are respected, the Savencia Group has adopted a **code of conduct and a set of ethical guidelines**, both of which Valrhona adheres to.

As such, our company follows a Group policy around corporate governance, regulations, information management, conflicts of interest, fraud and corruption prevention, intra-Group relations and relations with shareholders, partners, competitors and local authorities.

More specifically, we undertook proactive steps in 2018 in response to anti-corruption regulations, amending the **Responsible Purchasing Charter** we share with our suppliers to include anti-corruption measures.

All new suppliers are required to sign this charter. **To date, 100% of our cocoa suppliers have signed the charter.**

Should any member of staff suspect that the Group's ethical principles have not been respected, they are **duty-bound to blow the whistle**. This duty forms an essential part of our commitment to the wider public good, and employees are welcome to approach their line manager or their company director where necessary.

OUR RESULTS FOR 2018

29%
of Valrhona employees have received ethics training, including

100%
of our managers

CERTIFICATIONS:

- Food Safety (ISO 22000 since 2006)
- Health & Safety (OHSAS 18001 since 2004)
- Environment (ISO 14001 since 2005)
- Security (Authorized Economic Operator since 2015)
- Energy Management (ISO 50001 since end of 2015)



Carole Seignovert

HEAD OF CSR AT VALRHONA

In a world where climate change will change our lives in more and more ways, where social and environmental injustices are threatening the cocoa industry's future and where inequalities continue to grow, Valrhona wants to place its commitments at the center of its economic model and product range, so that we can create an ever-more responsible world of gastronomy. This is what we are doing via our Live Long program.

Thanks to the 100% traceability of our cocoa beans right back to each of our 10,262 producers, we can ensure we have a positive impact on the world of cocoa. We promote fair, equitable conditions by making long-term commitments to our cocoa partners, systematically paying a premium on top of the purchase price and the volume of beans agreed with the producer. We even take steps to compensate for falls in market prices, as demonstrated by our actions in Ivory Coast since 2017. By committing to support all our producers in adopting agroforestry techniques by 2025, we are actively creating a more environmentally friendly cocoa that also enables producers to diversify their income.

Cocoa-based agroforestry programs, such as the multi-stakeholder Cacao Forest initiative we launched in 2015, offer fantastic opportunities for combatting climate change, as do our actions to rehabilitate farms in Haiti using agroforestry.

To extend our action even further, we at Valrhona have committed to making our entire chocolate factory carbon neutral by 2020. We aim to do the same along our entire value chain by 2025. Restoring cocoa farms using agroforestry and promoting reforestation will eventually enable us to capture carbon and offset any emissions we are not able to eliminate.

Another powerful way of fighting inequality is to offer young people culinary training. Valrhona is playing an increasingly important role in training the responsible culinary professionals of the future, thanks to our use of our chocolate-making expertise to give young people the opportunity to obtain professional qualifications and find a job in an industry that is looking for new recruits.

Ultimately, our role is to create forward-looking, sustainable products and services for our customers, and to mobilize our producers, colleagues, customers, suppliers and other stakeholders to join the movement towards a more responsible world of gastronomy. It is by drawing on the strength of our business ecosystem that we will be able to achieve an ever-greater impact and change the chocolate industry landscape. A clear example of this is our newly launched Valrhona Foundation.

If you want to be a part of our projects and change the cocoa and food worlds for the better, we want you on board!

LIVE LONG COCOA

CREATING A FAIRER COCOA SECTOR TOGETHER

Our products' main ingredient - cocoa - is facing a growing number of social and environmental issues for which it is our duty to respond if we want our cocoa-producer partners' businesses to develop and flourish over the long run.

Producers' living conditions, deforestation, and climate change are some of the threats we are confronted with. Cocoa's value chain is complex, not least because cocoa is produced in the Global South but consumed in the Global North. Good supply management and traceability represent challenges of their own.

With Live Long Cocoa, Valrhona is taking a comprehensive approach to tackling these issues. We are promoting producer organizations' development and we are helping to improve communities' living conditions. We are promoting good agricultural practices and agroforestry so that producers' businesses can last long into the future and soils are better protected. We are encouraging measures to protect local cocoa varieties so that the various flavors they provide are preserved. Finally, we are doing everything in our power to combat deforestation and protect forests and all the biodiversity they contain.

Producers' and their families' living and working conditions are a central concern of ours.

The commitments we have made through our Live Long Cocoa program have resulted in long-term partnerships with our producer organizations.

In
2018



100%

cocoa bean traceability from the producer and 49.5% from the farm



76%

of our cocoa is purchased through long-term partners



81%

of producer countries were visited on at least one occasion over the calendar year



6.7 Years

is the average duration of our partnerships



13

countries out of the 16 in our supply chain benefit from long-term partnerships

VALRHONA'S OBJECTIVES

100%

traceability from the producer in 2018 and from the farm by 2021

90%

of our cocoa purchases sourced via a three-year (or longer) partnership by 2020

100%

of our producer countries will be visited by us at least once every calendar year by 2020

LONG-TERM PARTNERSHIPS: OUR FOUNDING COMMITMENT

We roast it, grind it and turn it into chocolate: At Valrhona, cocoa is our number-one ingredient.

In 2018, we bought **0.13%** of all the world's cocoa from **10,262** producers in **16** countries.

Due to all the different people involved in the cocoa business ecosystem and the sector's other complexities, purchasing conditions have to be tailored to each individual country.

Valrhona works alongside producers, cooperatives, governments and NGOs to enact its commitments to creating a cocoa sector in which **production conditions** benefit both the farmers and the environment.

Valrhona's approach to cocoa is based on **four key principles**:

- Quality
- Sustainability
- Ethics
- Innovation

Our Partnership Terms: Securing Our Shared Interests

When Valrhona and its suppliers share values, a vision, and a mutual desire to grow together, partnerships are signed for a **minimum term of three years**.

For suppliers, these long-term commitments **guarantee sales over several years**, providing them with greater visibility over their income and enabling them to invest in their production activities, their communities and the environment.

For Valrhona, these partnerships are a way of guaranteeing the quality and supply of our cocoa.

Partnerships also **reflect the true value inherent to terroirs and producers' own expert skills**, and give us the opportunity to get involved in community support and development projects. Every cocoa supplier has a dedicated contact person at Valrhona.

Some partnerships give us exclusive rights: For instance, Valrhona might have exclusive access to the beans grown in a specific plantation, as has been the case at the Xibun River Estate in Belize since 2014.

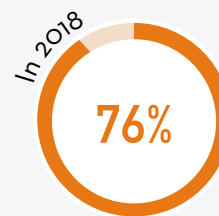
Other partnerships allow us to protect rare cocoa varieties, such as the Gran Blanco cocoa produced by just three communities in Peru's Bigote valley. Valrhona has had exclusive access to this cocoa since 2013.



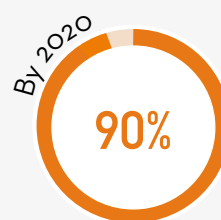
In 2018, we developed partnerships in **13** countries with an **average term duration of 6.7** years.

We did this across the globe, from Brazil to Madagascar via Peru, Belize, Ivory Coast and Ghana.

Valrhona also signed **two new partnerships** in São Tomé and Mexico.



76% of our purchases are made as part of partnerships with a minimum term of three years.



We aim to push this figure up to 90% by 2020. It can sometimes take years to set up a partnership in a new country. As such, we have chosen to leave ourselves a 10% margin to provide us with the sourcing flexibility we need.

The Finest Cocoa: Quality & Difference

Developing long-term relationships enables us to invest in infrastructure, improve growing practices and work on post-harvest operations such as bean fermentation and drying.

Training can also be offered to guarantee quality levels remain consistent.

Similarly, creating new aromatic goals (by implementing new, market-leading bean preparation processes such as double fermentation, for example) and sourcing products in new origins or terroirs helps us to innovate.



Ensuring Ingredients' Traceability

Traceability allows Valrhona to guarantee its cocoa, which is part of a complex tropical supply chain, comes from a particular origin. Cocoa is grown in varied social and geopolitical settings, and 95% of it is produced by family farms with less than 5 hectares of land.

Thanks to our direct relationships with cooperatives, producer associations and even private plantations, in 2018 Valrhona was able to meet its objective of achieving 100% traceability to the producer.

To ensure we can fully identify our producers' geographical locations, Valrhona has set itself the objective of achieving 100% traceability from the farm by 2021, geolocating and mapping out each farmer's plot. With this in place, we will be in a position to effectively implement our Cocoa & Forests policy, and its anti-deforestation provisions in particular.

The Valrhona sourcing team creates trusting relationships with producer organizations and places great importance on its nuanced understanding of each origin, on listening to communities' needs, and on supporting development projects.

Regular annual visits to each country are used to roll out and finance community development programs or farming innovations in the form of technical agricultural guidance, harvest collection centers, solar dryers, protective measures for plant varieties, and so on.

Venezuela in 2018

Venezuela is currently in the throes of a grave political and economic crisis.

The country's hyperinflation and massively devalued currency have made it extremely difficult to develop our Venezuelan partnerships.

However, we are more determined than ever to uphold our local connections so that these relationships last over the long-term.



We aim to visit 100% of our producer countries at least once every calendar year. In 2018, we were not able to do this (instead reaching an 81% success rate), due to the security situation in Venezuela and Haiti.



Yvonne Huchedé
COCOA SOURCING MANAGER

“Every day, we are actively working to improve our cocoa producers’ lives. A living income is one of our priority ambitions, and it requires us all to collectively gather behind this vital common cause. We believe that ethical cocoa has a real future.”

Our Community Support Projects

For several years, Valrhona has had long-term partnerships with its producer countries, making it easier to improve producers’ living and working conditions.

When families lack the money and equipment needed to **send their children to school**, this presents a constant, significant risk to their human rights and to efforts to **combat child labor**.

Moreover, we support our producers through their **training** so that they can become true entrepreneurs. This skill will be crucial to ensure their resilience in the face of climate change and market fluctuations and, over the long-term, it is a way of improving communities’ living conditions.

Training in best agricultural practices and human rights is provided for producers and their families.

The **course content** is tailored to their needs. So that we can become a real driving force behind changes to communities’ lives, Valrhona has provided funding to help build and launch training centers (see Ivory Coast text box overleaf). It is now up to communities to manage and maintain these centers, which should help to integrate them into local life over the long-term.



Access to Education

Valrhona promises to do everything in its power to combat child labor in its supply chain. With its Child Labor Statement, Valrhona has committed to supporting access to education by subsidizing producers and funding school building programs within or immediately around plantations. We are committed to ensuring the communities we work with have suitable educational infrastructures in place. Since 2012, whenever Valrhona has discovered this infrastructure is not up to the job, we have built it anew (see Cocoa Map overleaf). Valrhona works closely with local communities, and we have also forged close ties with education ministries so that the infrastructure we support becomes part of each country’s educational landscape.

We are also contributing to sector-wide efforts to eradicate child labor through the International Cocoa Initiative.

Our sourcing team is always ready to listen to communities' needs, creating synergies with them so that we can set up support initiatives together. Our sourcing experts are responsible for ensuring projects run effectively and operate with total financial transparency.

15 Partnerships in 13 Countries

HAITI
 —
**REGENERATING
 AGING
 PLANTATIONS**



As part of its partnership with the AVSF NGO (avsf.org), Valrhona is helping Feccano (or the "Federation of Northern Cacao Cooperatives") to renovate its members' small, multi-variety plantations using agroforestry techniques. Because of their age, these plots are no longer very productive, and families' incomes are being affected by their low yields. The project aims to demonstrate how diverse cocoa-growing techniques can impact on both producers' revenues and communities' food security. The pilot plantations' role is to act as a model, firstly for Feccano's producers, of course, but also for the rest of the country.

In 2018
38
 hectares of land piloted
 as part of the renovation



 Partner

 New Partner 2018

IVORY COAST

— IMPROVING ACCESS TO TRAINING



Valrhona has built a training center where producers and employees working for the Ecookim Union-member cooperative CAPEDIG can meet. We provided finances to buy a plot of land in Daloa, construct the center and purchase necessary equipment. This new piece of infrastructure will enable more than **5500 producers** from **12 of the Ecookim Union's 23 cooperatives** to attend training and learn about important issues. The center was inaugurated in April 2018 with the aim of extending participation rates and boosting the training policy in place.

Number of producers to have received best practices training:



GHANA

— IMPROVING CONDITIONS IN SCHOOLS



Valrhona has committed to a long-term partnership with eight cocoa-producing communities in Ghana, which is due to run from 2016 to 2021. We have had conversations with communities about their needs since 2016. During these discussions, it has become clear that there is an urgent need to improve school access and conditions. A comprehensive survey of the existing infrastructure for kindergarten- to high-school aged children showed that **30%** of them were studying in unsafe conditions. In 2017, we launched a major renovation and reconstruction program alongside our partner and the local authorities. Our ambition was to improve educational conditions for the **4882 students** recorded in our 2018 survey of local school-age children by 2021.

By the end of 2019, reconstruction work will allow Atwereboanda High School to go from three dangerous, dilapidated classrooms to **six new classrooms and a computer room**. **181 children** will be accommodated in ideal conditions as part of an investment worth **around US\$178,000**.

Number of pupils in each new school:



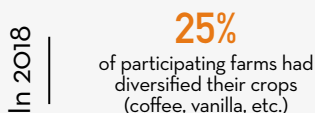
MADAGASCAR

— PROMOTING CROP DIVERSITY



Thanks to the Millot-Valrhona partnership, we have been able to raise producers' awareness about combining cocoa with different crops as a way of securing the extra income they needed.

In addition to its economic benefits, this project has helped to spread the word about and roll out the good environmental practices that will be essential if producers are to have a future in the age of climate change. The project aims to plant around **500,000 cacao trees** in the next five years to create more than **800 hectares** of growing land.



Valrhona knows that there are a number of potential risks associated with growing cocoa, from forced or child labor to women's rights, and living conditions.

As part of our efforts to constantly improve what we do and get a better understanding of our sector's environmental and human rights implications, in 2018 we commissioned an independent organization to map out all the potential human rights hazards in our supply chain.

This project covered more than 19 countries, with an in-depth focus on five considered particularly vulnerable and strategically important. This has enabled us to place our company's commitments and ambitions within a wider context that takes into account potential hazards.

With the completion of the mapping in 2018, we have now committed to roll out action plans to counteract the major risks identified.

We are making mutual commitments with our suppliers through our Responsible Purchasing Charter (which is available to view on our website).

In 2018, 100% of our cocoa suppliers signed up to the Charter. In addition to this, our supplier partnerships include objectives to significantly and permanently improve growers' living and working conditions.

Taking Action to Make Sure Income is Distributed Fairly in the Cocoa Sector

We believe it is our responsibility to ensure a fair distribution of value across the cocoa sector.

It is currently very difficult to calculate what a "living income"* should be because of the lack of data coming out of our producer countries, particularly with regard to cocoa production. The various data needed to make these estimates also makes these calculations a complex exercise.

Every country is different, which means setting objectives for minimum incomes is a complicated task. However, this is an essential issue within our sector, and the industry will not have a future unless we tackle it.

Protecting Forests in All Their Biodiversity

The ability to live in a healthy environment is a human right, and protecting forests and soils in cocoa-producing countries is a key element of this.

* "Living income" is the minimum level of income needed for a family to live in decent conditions at a given time. It factors in the cost of food, housing, other expenses and unexpected emergencies. The right to a decent income is a fundamental human right.

Threats to Human Rights



Producers' Income in Ivory Coast

Since 2014, we have been working with Ecookim Union-member cooperative CAPEDIG in one of the world's top producer countries, Ivory Coast. Our Ivorian cocoa farmers are Fairtrade certified and our cocoa is 100% traceable right back to the individual producer.

When the global cocoa market fell in 2016, Ivorian farmers saw the income they earned from their yield drop by 36%.* Valrhona compensated its producers for this shortfall by maintaining the highest minimum price since 2012, 1100 FCFA per kg. Currently, Valrhona pays 45% more than the minimum price guaranteed to Ivorian producers by the Ivorian State.

- A minimum price was guaranteed to 833 producers in 2018.
- Income has jumped by 15% thanks to our compensation premium.
- We also pay quality and community development premiums.
- In total, the premiums Valrhona has paid on top of the regular purchase price are twice as much as the Fairtrade premium.

In 2018-2019, Valrhona is continuing to pay its guaranteed minimum price of 1100 FCFA per kg (or €1.67 per kg) for the harvest underway.

It is our duty to oversee the protection of producer countries' environmental heritage and to unite all our cocoa-producing partners around the goal of inventing responsible agricultural techniques, for people and for the environment.

To do this, in 2018 Valrhona adopted its Cacao Forest and Agroforestry policy as a way of setting out its commitments to protecting forests in our 16 cocoa supplier countries.

These commitments entail:

- Only sourcing cocoa from legally approved zones away from protected forests,
- Guaranteeing our cocoas don't come from high carbon stock or high conservation value forest areas or areas protected by national law,
- Guaranteeing that our cocoa never comes from newly deforested zones and that no further forest land is turned over to cocoa farming by our partners,
- Supporting 100% of our producers to adopt agroforestry techniques by 2025.

Agroforestry & Protecting Forests

In agroforestry, several useful plant species are grown on a single plot (in contrast to the monoculture system in which just one crop is grown on each parcel of land).

Agroforestry can manifest itself in many different ways, from ecologically thinned forests that protect large native trees to cocoa plantations that also grow legumes, fruit trees and timber varieties. No matter how complex an agroforestry plot is, however, it is not a forest. Its main objective is still to produce vegetables, fruit and timber, thereby diversifying and securing farmers' income.

Unlike monocultural farming, agroforestry tends to protect soils' fertility. Keeping land productive over the long-term means farmers are less likely to have to fall back on slash and burn and other techniques that lead to deforestation.



In May 2018, Valrhona became a signatory of the **Cocoa & Forests Initiative**. This active commitment on the part of leading cocoa and chocolate businesses aims to **stop deforestation and restore forest areas** by preventing any further forests from being turned over to cocoa cultivation.

The initiative has been launched and led by the world's two biggest cocoa producers, Ghana and Ivory Coast, with support from IDH (the Sustainable Trade Initiative) and the World Cocoa Foundation (WCF).

SPOTLIGHT ON

CACAO FOREST

THE PROJECT

Cacao Forest is a pioneering project that unites farmers, businesses, researchers, consumers and NGOs around the goal of designing new agroforestry models and limiting plantations' environmental impact.

Together with producers, we are creating new agroforestry-based cocoa-growing techniques that will allow us to:

- Improve rural communities' resilience,
- Diversify producers' revenue,
- Protect the environment,
- Make farms more productive.

We are utilizing our shared expertise to find **just the right balance of cacao trees and other plant species** that will provide optimal results for producers and the environment. Once the research phase was over, in 2018 we launched the project's crowdfunding campaign on **BlueBees**.

In the Dominican Republic, after we had figured out which combinations of trees and plants would get the results we wanted, our crowdfunding efforts enabled us to start planting more than 11,000 trees in 36 test plots. The aim is that the project will be extended to other cocoa origins.



The Terra Isara Fund

Valrhona has invested in Terra Isara by becoming a member of its board and donating **€125,000**. The Terra Isara Foundation's key role is to help **set out new systems for food and agriculture** that will yield large enough quantities of healthy, quality produce and raw materials, while also protecting natural resources and enabling producers to earn a comfortable living from their efforts.

To achieve its goals, Terra Isara trains young people and sets up innovation prizes so as to encourage entrepreneurship while also helping to develop new food and farming systems.

The Fund's mission is a perfect fit for Valrhona's own commitments to environmentally friendly cocoa cultivation.

*Agroforestry entails planting trees alongside other plant species in order to improve the soil fertility and protect the environment. These combinations of different crops create natural feedback loops that help the plants to develop, improving biodiversity, soil quality and the plant life that is so central to ensuring a thriving ecosystem.



LIVE LONG ENVIRONMENT

BECOMING CARBON NEUTRAL BY 2025

From production to distribution and logistics, every part of our value chain has environmental consequences which we, as a business, are committed to minimizing.

The first step in any serious impact reduction effort is to complete a **carbon footprint report**. We conducted ours in 2013 so that we could get an idea of our **Scope 1, 2 and 3** emissions (see text box on opposite page) and fine-tune our initiatives. We started by implementing a policy to cut down on any impacts directly generated by our production sites and our product-making processes (Scope 1 and 2). This was why, since 2005, we have voluntarily implemented an **ISO 14001 certification** strategy that guarantees our environmental management system is of the highest quality. This is also the case for the **ISO 50001 energy management certification** we secured in 2015. As part of both certification processes, we reinforced our environmental policy and set out some overarching ambitions for the protection we wanted our business to offer the environment.

As well as ensuring our site met the latest environmental regulations, the policy included specific actions around, for example, employee transportation, waste management, water and energy savings, and eco-designing Valrhona products.

Running alongside these Scope 1 and 2 strategies are our Scope 3 programs. Their role is to combat the deforestation generated by our industry's growth, and to promote agricultural practices – agroforestry in particular – that offer greater sustainability. Both of these are major issues that are incumbent on us, as a responsible business, to address.



VALRHONA'S OBJECTIVES

-60%
greenhouse gas emissions (Scopes 1 & 2) as compared with 2013

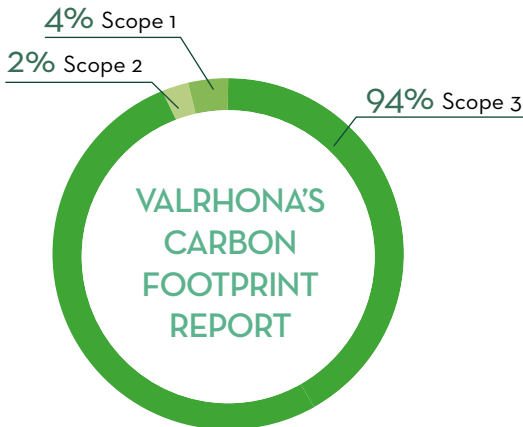
-50%
water and energy as compared with 2013

79%
of our energy mix comes from renewables

100%
waste recovery

Cocoa beans are grown in humid tropical regions, and they need climate conditions to be just right. This is what makes them so precious – And so vulnerable. Climate change is threatening our ability to grow cocoa and putting the industry’s future at risk.

It is also important to note that **cocoa-growing is the most carbon-intensive element of our business**, not least because of the deforestation that planting cacao trees sometimes entails.



Valrhona’s first Carbon Footprint Report in 2013 revealed that the company’s overall greenhouse gas emissions were as high as 62,053tCO_{2e}.

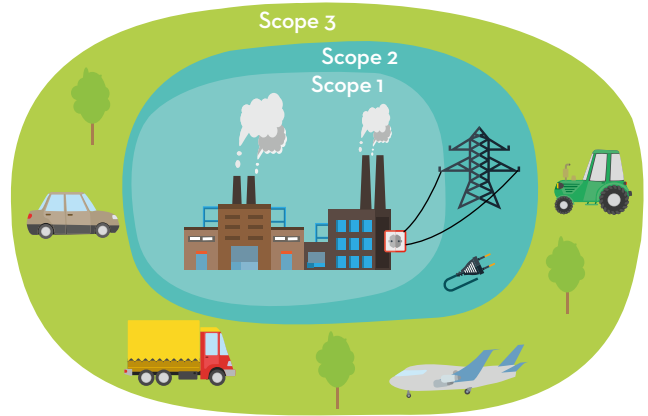
More than a quarter of all Valrhona’s emissions came from its cocoa bean supply chain. To reduce the impact early in our value chain, we are committed to **fighting deforestation and educating our producers about the best agricultural practices** (See P. 20).

In order to fine-tune our action plan and make our work even more effective, we will update our Scope 3 Carbon Footprint Report in 2019 to include a **new target: Carbon neutrality by the year 2025**. Valrhona is gradually working towards this aim by setting itself a series of complementary objectives.

Greenhouse Gas Emissions

How are they measured?

A business’ greenhouse gas emissions can be measured directly or indirectly using “scopes”.



Valrhona has been working to reduce its direct emissions since 2013, as well as emissions resulting from its energy use. In 2018, Valrhona released **0.18kg of Scope 1 and 2-related CO₂ for each kilogram of chocolate it produced.**

VALRHONA'S OBJECTIVE FOR 2025:

Carbon Neutrality Across Every Scope

1. Reduce greenhouse gas emissions in line with targets to cap global temperature rises at 2°C
 - A 60% reduction in our Scope 1 and 2 emissions by 2025
 - A reduction plan for two-thirds of our Scope 3 emissions (i.e. transport and cocoa-growing)
2. Compensate for our remaining greenhouse gas emissions
 - Through offsetting* (Scopes 1 & 2) by 2020
 - Through inseting** (Scope 3) by 2025

-50%

reduction in our overall waste production compared with 2013

85%

of our packaging is recyclable

100%

of our new products are set to meet our eco-design criteria by 2020

* Offsetting: Actions undertaken by different people involved in a business to compensate for the amount of carbon produced in a single place.

** Insetting: Actions undertaken within the cocoa supply chain and its ecosystems to compensate for the amount of carbon produced.


Setting the Standard for Good Energy Use in Our Industry

We now have two chocolate factories: The Dodet site, on the outskirts of Tain l'Hermitage, and the historic Guironnet site in the center of town. We also have a workshop in nearby La Roche de Glun. Our environmental plan covers these sites, as well as L'École Valrhona, our store, and the Cité du Chocolat.


We closely monitor our energy usage in each of these different facilities. We have two avenues for reducing our environmental impact: **First, minimizing our carbon footprint; and, second, cutting down our energy consumption** while promoting the use of more sustainable energy sources.


Both sites at Tain l'Hermitage have had **ISO 50001** certification for the last three years. This acts as a guarantee that each will manage its energy use efficiently.

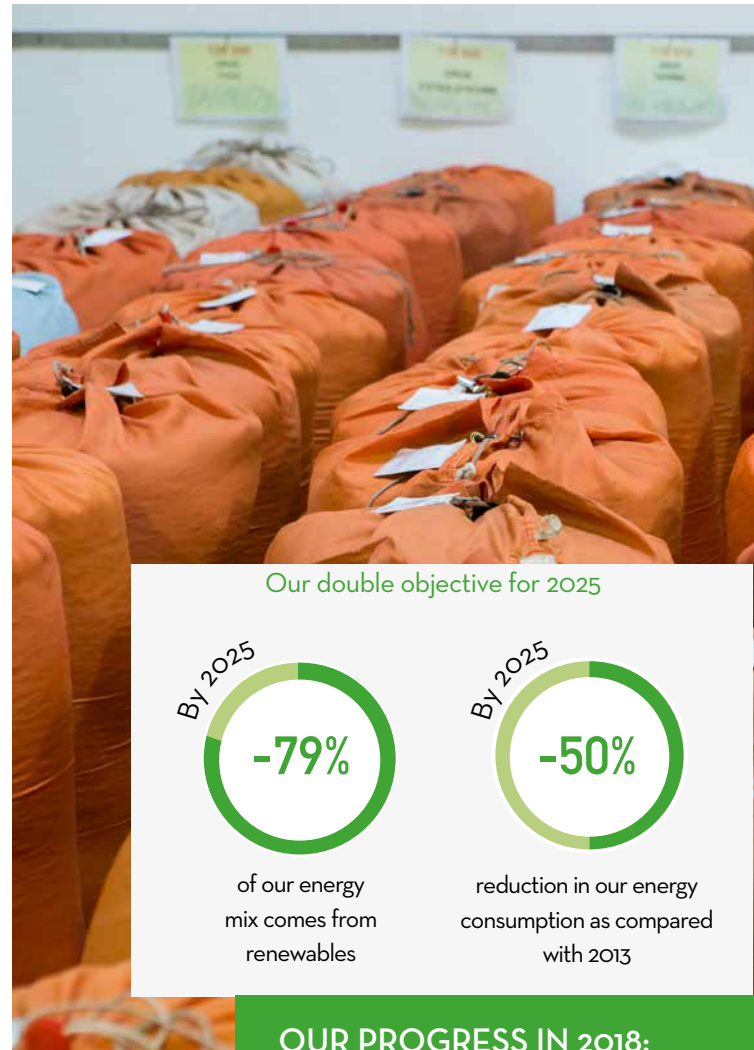
To give ourselves greater control over our energy consumption, we implemented a new tool in 2017 that uses data mining technology to supervise our energy use. Our partner **Métron** has made it easier for us to manage our consumption and identify where we can optimize our activities. Our work in this area covers every one of our major energy expenditures and is guided by our long-term energy plan.

 In parallel with our efforts to switch to LED lighting (which is now used throughout our 30,000m² of production, storage and office space), we have changed the boiler we use at the Guironnet site to improve the facility's energy performance.

Energy savings are estimated at 200MWh/year, or **3%** of the chocolate factory's energy consumption in 2018.

 Valrhona has spent several years looking at how it manages its refrigeration needs, because this highly energy-intensive process accounts for 30% of the factory's energy consumption. A **chilled water distribution network** has been in place for two years, with an aim to simultaneously rationalize and centralize our medium-term refrigeration capacities. As such, all our refrigeration will be centralized as of 2019, and a significant share of our current refrigerators will no longer be needed. As part of the same drive, we are optimizing the quantity and type of refrigerants we use on site, which is helping us to radically reduce our Scope 1 carbon footprint.

 As well as reducing our energy consumption, we are looking at where our energy comes from and are promoting renewable sources. For the last three years, 100% of our electricity has been supplied by certified purchases of hydroelectric power. By purchasing guarantee of origin certificates, we are helping to finance the renewable energy sector.



OUR PROGRESS IN 2018:

69%

of our energy mix comes from renewables. **18GWh of our electricity came from renewables**, rather than nuclear or fossil fuel-based sources.

-29%

energy consumption as compared with 2013: It now takes **1.82KWh** of energy to produce 1kg of chocolate, as opposed to **2.57KWh** in 2013.

-45%

greenhouse gas emissions (Scopes 1 & 2) as compared with 2013: Making 1kg of chocolate now generates **0.18kg of CO₂**, as opposed to **0.42kg** in 2013.



Valrhona's Transport Policy



To limit its direct emissions, Valrhona has also drawn up a **transportation policy** designed to reduce greenhouse gas emissions associated with staff commutes.

In 2018, we launched a **Company Travel Plan** and rolled out an app ("Klaxit") to promote car-sharing as a way of accessing the Tain l'Hermitage site.

We also encourage our staff to walk or cycle whenever they can. A fleet of ten "Valrhona Bikes" have been provided to make it easier to get between the Dodet and Guironnet sites. Staff have made 5000km worth of environmentally friendly journeys since the bikes were introduced.

As part of the next step in our strategy, in 2019 we are looking into how we can cover employees' expenses for bicycle journeys.

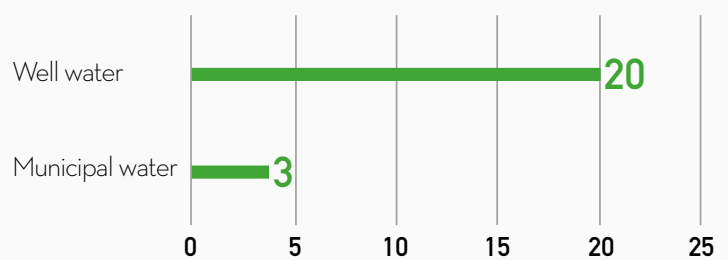
REDUCING OUR ENVIRONMENTAL IMPACT

Valrhona is working hard to limit the environmental impact and pollution it generates and the energy it consumes as it makes its chocolates.

Accidents can happen while we are doing our work, from refrigerant and fuel leaks to cocoa butter spills. We do everything we can to eradicate the risk of damaging our environment. In 2018, our chocolate factories renewed their ISO 14001 certification for high-quality environmental management, this time in its most up-to-date iteration. Six environmental incidents were recorded in 2018.

We are now devoting particular attention to our water usage, with the specific objective of **cutting our 2013 consumption rates in half by 2025.**

Water consumption for each ton of product manufactured in 2018 (m³/t)



Valrhona gets its water for industrial purposes from two key sources: Municipal water and well water.

Municipal water is mainly used for cleaning, while well water is used for industrial processes.

To manage its water consumption (and particularly its municipal water use) and to measure its usage more accurately, Valrhona linked its water metering to its energy monitoring efforts in 2018.

Valrhona has reduced its water consumption by 49% as compared with 2013.

100% WASTE RECOVERY

As a business that uses raw ingredients to make chocolate, we are making every effort to limit the amount of waste we produce and improve the ways we recycle and recover.



Our objectives for 2025: To achieve our target of recovering 100% of our waste, while cutting in half the amount we generate as compared to 2013.

We Are Taking Three Key Actions to Cut Down Our Waste:



Waste from Raw Ingredients

Cocoa shells are one of the main pre-production waste products at Valrhona. In 2018, **700 tons** of waste shell were produced, with 1500 tons of waste being generated overall.

These shells are currently repurposed for use as mulch, fertilizer or perfume making, but by 2021 they will serve as fuel in a biomass boiler.

In 2018, we generated **300 tons** of **chocolate waste**, most of which went on to be reused for animal feed. Since 2017, Valrhona has utilized its links with a factory in Albon, **15km** from its own sites, to limit the amount of transport its chocolate waste requires.



Business-Related Waste

As far as its industrial processes are concerned, Valrhona has focused particularly closely on limiting the amount of packaging it uses, having set itself the specific objective of **ensuring 85% of its boxes, wrappers and so on are recyclable by 2025, while also reducing package weight.**

In 2018, Valrhona took action to cut back on the secondary packaging associated with its industrial processes. For instance, we started packing our boxes with **air cushions instead of polystyrene peanuts.**

Valrhona has also launched ongoing campaigns to raise employee awareness around recycling and sorting waste. In 2018, for example, we worked on the niche problems of cigarette butts and sandwich wrappers.



The Fight Against Food Waste

Valrhona is working hard to perfect its production processes, improve its stock management, and fine-tune its sales forecasts so that it can produce just the right amount of chocolate as efficiently as possible.

We are also giving unsold stock a second chance by including it in our **Les Cabossés** range, by donating it to charities such as the **Restos du Cœur** food banks, and by selling it or giving it away to employees over Christmas and New Year.

Our Results for 2018:

- 88% of our waste (1480 tons) recovered,
- 13% less waste produced as compared to 2013.

ECO-DESIGN AT VALRHONA

Our stakeholders judge our products' **quality and sustainability** by their ingredients and recipes – But also by the packaging and materials they use. Valrhona is working to ensure its products have an environmental design that completely lives up to customer expectations while also reducing our impact on the planet and its natural resources. We are taking action by **eco-designing both our packaging and our products.**



An eco-designed box for 18 Guanaja Squares

ECO-DESIGNING OUR PACKAGING

The packaging that our products come in plays an essential role in preserving and protecting our chocolates.

To reduce its environmental impact, we have rolled out a specific packaging eco-design policy.

Our objective: 100% of our new packaging meets our eco-design criteria.

We have established three key indicators to achieve this:

- 1/ The packaging-to-product weight ratio:** Only use the amount of packaging and components that is strictly necessary and get rid of any surplus.
- 2/ Materials' origins:** Promote the use of renewable and/or recycled materials. Four benchmarks have been set up to assess this indicator, covering a whole spectrum from 100% recycled/renewable materials to unauthorized substances such as Bisphenol A and PVC.
- 3/ End-of-life treatment:** Select materials that can be recycled at the end of their lives and identify which one of four recyclability categories they fit into, from 100% recyclable to non-recyclable contaminants.

ECO-DESIGNING RECIPES

Customers and consumers want the products they buy to have increasingly transparent labeling that informs them about the health and environmental implications of their purchases. This is why Valrhona is working to eco-design its recipes and chocolates as a way of minimizing its environmental impact and providing the most natural products possible.

Our objective: 100% of our new products will meet our eco-design criteria by 2020.

Valrhona has selected three key eco-design criteria for its recipes:

- 1/ The right supplier:** Select the right source for our particular need, taking into account the supplier's point of origin and sustainability policies.
- 2/ The right ingredient:** Apply our "Clean Label" policy.
- 3/ Reduce waste:** Aim to be as efficient as possible by reusing by-products and creating test batches of products only when strictly necessary.

Valrhona has blacklisted certain ingredients due to the health hazards or potential regulatory or public relations risks they pose. The list includes all azo dyes, for example, as well as hydrogenated vegetable fats, artificial sweeteners such as aspartame, and GMOs.

In 2018, Valrhona trained a further 10 people in packaging and products eco-design. A total of 55 of the most relevant people from the marketing, R&D, purchasing and quality teams have now been trained by Valrhona since the eco-design policy was launched in 2017. For the company, this establishes clear guidelines for our innovation and product development processes.



In 2018

Our 18-square boxes were redesigned in 2018. We decided to use cardboard instead of metal, reducing the packaging's weight by 66%.

1573 tons
of packaging used

74%
of our packaging
is recyclable

We are currently guided by two key criteria during the product-making process:

Short ingredient list: Write up a short list of ingredients. This should include only strictly necessary items, and product developers should systematically question whether each ingredient or additive is needed.

Clean Label: Avoid using any ingredients deemed potentially risky by referring to regulations, health warnings and emerging concerns in the media. The list is updated once a year. Use natural ingredients whenever possible.

A four-tiered color code has been rolled out to help assess how effectively a product has been eco-designed. Its categories range from "fully compliant" to "red flag". In 2018, none of the ingredients used in our new eco-designed products required any red flags.

What About Our New Products?

79% of new products met
our eco-design criteria in 2018





LIVE LONG GASTRONOMY

RAISING AWARENESS AND TRAINING FUTURE GENERATIONS IN RESPONSIBLE GASTRONOMY

Our Live Long Gastronomy commitment stems from Valrhona's desire to actively support culinary professionals, ensuring their future and promoting their global outreach.

We aim to foster learning and inspire the pastry chefs of tomorrow by drawing on our expertise and passing on our knowledge, particularly through training programs for young people.

This Live Long Gastronomy commitment covers the work of the Fondation Valrhona, the organization of competitions, as well as training provided by L'École Valrhona and Valrhona branches across the world.

In
2018



362 Young People

gained awareness of culinary professions thanks to Fondation Valrhona projects



52 Young People

trained in culinary professions thanks to Fondation Valrhona projects, through the Tain l'Hermitage Hospitality College and the Graines de Pâtissier project



12,925

people trained by L'École Valrhona



€217,000

invested in Fondation projects



€228,120

invested to support competitions and prizes



Armelle Giammattei

GENERAL MANAGER -
VALRHONA FOUNDATION

"Ever since it was founded, Live Long Gastronomy's aim has been to act as an advocate for culinary professions. Through the Fondation Valrhona's work, we are making young people more aware of culinary careers and the importance of food more generally, raising the profile of these professions and introducing new generations to their future vocations. We are also helping young people and professionals to learn new skills, particularly in our very own École Valrhona.

Cocoa is, of course, central to our training. As well as giving them technical skills, we are also careful to raise students' awareness about mindful gastronomy and all that this entails. The Live Long Gastronomy program also aims to publicize food professions among the general public through flagship events such as the Pastry World Cup (which counts Valrhona as one of its founding members)."

About the Fondation Valrhona

A group of enthusiastic employees gave Valrhona the impetus to set up its own foundation in 2006. The Fondation acts in two ways: It supports other organizations' projects and runs its own. Our two key aims are to **raise awareness about diverse flavors (and, by extension, a healthy, varied diet)** and to help young people to discover their **vocation in the pastry industry** so that they can take their first step towards professional training. The Executive Board has 12 members, each one serving a five-year term, and their role is to select which projects we should support and develop every year. These projects mainly take place in the Auvergne Rhône Alpes region, but a few are based elsewhere in France. They are offered **funding, ingredients and mentoring opportunities**, and are designed to provide long-term support. The Fondation Valrhona is given **five years to spend its €150,000 budget** and drives a lot of the action and development in our Live Long Gastronomy program. The Fondation's legal status will be updated in 2019 so that its cocoa and other food-related projects can have a bigger impact on communities (for more information, please see the last page in this report).



Promoting Culinary Expertise through Competitions

As a way of showcasing culinary professions, Valrhona contributes to renowned global events that bring culinary skills to a wider audience.

Since 1989, Valrhona has been a founding member of the **Pastry World Cup** event that takes place every year at SIRHA**. The continental pre-selection competitions are also major dates in the culinary world's calendar. Another of the events Valrhona holds annually is C³, or the Chocolate Chef Competition. This gives top pastry chefs the chance to go head-to-head, using a flagship Valrhona product as their central ingredient.

All in all, **€228,120** were invested in various competitions in 2018.

INTRODUCING MORE AND MORE PEOPLE TO CULINARY PROFESSIONS

The Fondation Valrhona's Awareness-Raising Projects

In 2018, Valrhona offered its support to a new project called **La Tablée des Chefs**. Its aim is to **raise chefs' awareness of how they can have a positive impact on society** and combat food waste by distributing unused stock to food aid organizations. It also works to **educate young people** by providing pastry workshop programs and developing healthy, well-balanced diets.

With help from professional chefs, "**kitchen brigades**" are set up in high schools in priority-areas to introduce young people to cooking, pastry and healthy eating. The Fondation Valrhona is donating chocolate and providing **€9550** annually over a three-year period to support the project.

We are continuing to support various projects designed to help young people explore pastry professions, learn about flavor and develop their cooking skills. The town of Feyzin's **Péris'Collèges**, the **Un Jeune, Un Métier** ("One Young Person, One Vocation") program in Paris' 12th arrondissement and the **EPICES organization's project** all number among the initiatives we support.

* Includes all the Fondation Valrhona's expenditure on staff salaries.

** The International Hospitality and Food Service Trade Fair.

€217,000

spent in 2018 in support of the Fondation's chosen projects

362 Young People

gained awareness of culinary professions thanks to Valrhona in 2018

Culinary professions occupy a singular place in our shared heritage and they need to be protected for future generations. Fewer and fewer young people are being drawn into these careers, which is why we believe it is important to help them explore our profession. Valrhona has a role to play in giving young people the chance to explore a sector in need of recruits and fresh talent.

The Fondation Valrhona's Training Projects

In 2018, The Fondation Valrhona directly supported a number of training projects. These included an **educational food truck** in Lyon called the *Brigade des Gones* (or "Kids' Brigade"). It was co-led with the Fondation OVE for young people in special educational provision who want to learn about the food service and culinary industries. This experience gave them an opportunity to learn real professional skills and gain official recognition so that, once they have figured out what they like doing best, they can move into professional culinary, pastry or service training. 27 young people joined the Brigade in 2018. Our objective is now to replicate this innovative project right across France.

As well as receiving donated products and up to €8000 in funding, the young participants get advice and recipes from L'École Valrhona so that they can benefit from our skills and expertise.

We have also continued to support the **Atelex project** led by the **ADAPEI carers' association** in Drôme. This initiative gives young people with learning disabilities the chance to develop professional cooking skills within standard school settings. Four participants obtained their qualifications through the initiative last June.

Training at L'École Valrhona

In 2018, Valrhona and the Tain l'Hermitage "Lycée Hôtelier" hospitality school teamed up to offer a new, completely original training course called **Mastering Chocolate**. It was partly run by chefs from L'École Valrhona and gave attendees the chance to get the **technical and sensory skills** they need if they are to become chefs themselves. **Ten students with high school-level professional qualifications** made up the inaugural cohort for this nine-month course, which is the first ever local extracurricular education program to be officially accredited by the French Education Ministry.

L'École Valrhona is made up of four international schools. There, more than 30 chefs provide pastry training. A total of **12,925 people** were trained by L'École Valrhona in 2018.



In 2018

In 2018, a total of 52 young people received free culinary training from Valrhona. We were able to offer this thanks to the support of the Fondation Valrhona, our training plan run with the Tain l'Hermitage hospitality school, and the Graines de Pâtissier project.





International Training Projects

Valrhona's international reach allows it to train people all around the world in its global subsidiaries.

In the **United States**, Valrhona has been offering culinary career guidance to disadvantaged high schoolers. Our aim is to raise enough money to enable our partner organization C-CAP to train these young people. US\$10,000 were raised in 2018.

In **Spain**, our partnership with the Raices foundation on the Cocina Conciencia project has enabled us to give disadvantaged young people culinary training. We have raised €12,000 so far.

In the **United Kingdom**, Valrhona is sponsoring the Chocs for Chance initiative as it fundraises for the Galvin's Chance into-work program for disadvantaged young people.

SPOTLIGHT ON

GRAINES DE PÂTISSIER

THE PROJECT

The **Graines de Pâtissier** project has been initiated and led by a Valrhona employee as part of our intrapreneurship program. She was inspired to act when she learnt two things: First, more than half our customers in bakeries and pastry stores are struggling to recruit staff; and second, 25% of young people in France are unemployed.

Graines de Pâtissier's ambition is to meet this double challenge head-on using Valrhona's expert knowledge and standing in the culinary world. This program is a **joint initiative with the Fondation Paul Bocuse**, in partnership with apprentice training centers* and associations for disadvantaged young people. We offer a pre-"CAP Pâtisserie"** vocational training program to help young people aged 16-25, focusing on three main points: First steps, immersion in the industry, and future directions.

Our aim is to have over 100 beneficiaries of the project by 2020.

Taking the Initiative and Exploring the Job from the Inside

Once the group of highly motivated candidates has been selected, they enter an exploration phase that includes skills workshops among other activities. They then undertake a four-week internship to help them decide whether this is the career for them and if they should enroll for an entry-level professional qualification. The aim here is that, by the end of the program, the young participants feel confident that they want to enter the profession and are ready to complete a year-long "CAP" qualification at an apprentice training center.

Graines de Pâtissier's First Cohort

More than **40 candidates** have applied over the past two years, with **30** going on to complete the program. In June 2018, we also saw **three** members of our original cohort obtain their "CAP Pâtisserie" qualification.

In 2018

In 2018, the program was expanded to include training around professional attitudes, team working, the pastry industry's culture and pastry-making techniques, as well as an online training center. Over **three months** in 2018, **18 young people** took part in our workshops and completed an internship with one of our customers.

In September 2018, **seven** started their apprenticeships. By rewarding young people who have worked to achieve their career goals, we sincerely hope to help our profession find the new recruits it needs. **40% of the young people involved in the Graines de Pâtissier project go on to start a CAP professional training course.**

"Graines de Pâtissier gave me the chance to meet professionals, design a career path, and find a mentor to support me through my apprenticeship. It was an absolutely delicious experience!"

Malika A.

* CFA in France

** French vocational training program



LIVE LONG TOGETHER

CONSTRUCTING A SUSTAINABLE BUSINESS WITH AND FOR OUR STAKEHOLDERS

A responsible company cannot exist without its stakeholders being involved in and consulted on its strategic direction and its vision.

This is why Valrhona is committed to establishing regular, quality dialogue with all its stakeholders, so that together, we can build a sustainable company that is a great place to work both in and with. We are particularly keen to listen to and share perspectives with all Valrhona's employees, so that we can use various training, mobility and inclusion programs as a way of meeting our objectives around development and well-being at work.

Finally, because our responsibility does not end at our own doorstep, we work to help our customers put in place their own sustainable practices and, in turn, adopt an even more collaborative way of doing things.

Our commitment to working collaboratively with stakeholders is an essential part of our efforts to secure B Corp certification. We have devoted particularly close attention to this aspect of our work throughout our history, and we hope to have this recognized when we secure B Corp status.

In 2018



VALRHONA'S OBJECTIVE

100%
of employees will have a CSR target-based bonus by 2020



OUR STAKEHOLDER ECOSYSTEM

Valrhona will only fulfill its aims if it uses co-development and synergy-based approaches to create and roll out its strategy alongside the company's major stakeholders. We involve these stakeholders in every stage of our value chain, taking into account their expectations and our professional objectives at each turn.

We create regular moments for dialogue with our different stakeholders. This includes:

- Annual satisfaction surveys for employees, customers and suppliers,
- Working sessions held at various points in the year with our customers, distributors and suppliers, including cocoa suppliers,
- Focus groups with local communities and cocoa producers,
- An independent survey for at residents living near our production sites,
- Regular catch-ups every year with NGOs and professional bodies,
- Consumer focus groups several times a year.



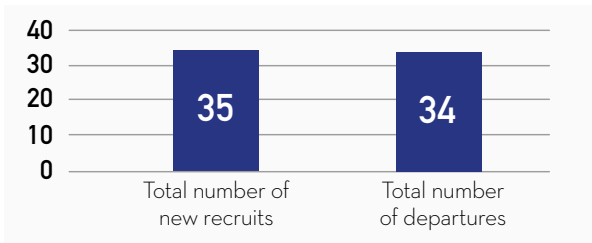
SUPPORTING OUR COLLEAGUES

Valrhona can only function thanks to its people's ability to create sustainable value. It is essential we secure their commitment, help them to develop their skills and ensure their well-being if our business is to last long into the future and innovate sustainably in our ever-changing industry. Supporting them over the long-term is a priority for Valrhona.

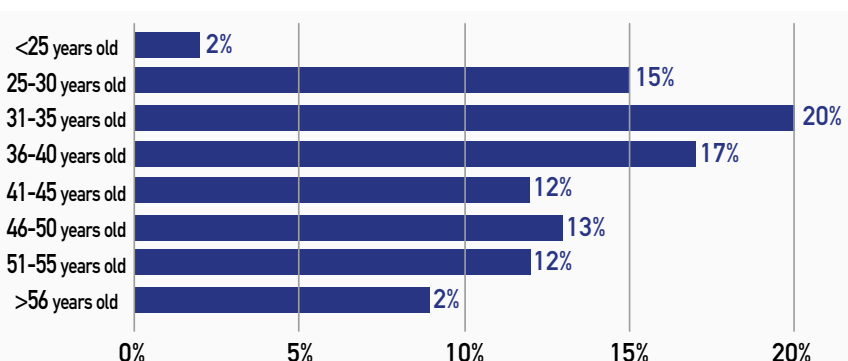
Overview: About Our Colleagues

In 2018, Valrhona had 822 employees, a 4% increase on 2017.

STAFF TURNOVER: 9.4%



PERCENTAGE OF EMPLOYEES BY AGE

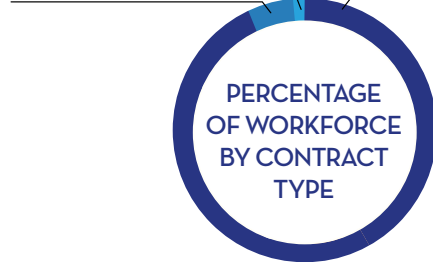


409 Women 413 Men



PERCENTAGE OF WORKFORCE BY GENDER

1% Apprentices 93% Permanent Contracts 6% Fixed-Term Contracts



PERCENTAGE OF WORKFORCE BY CONTRACT TYPE

46% Women 54% Men



PERCENTAGE OF PERMANENT WORKFORCE BY GENDER

Employees' Health & Safety

As a business with two production sites, we consider staff safety a priority. We want to ensure all our colleagues can work in the safest possible conditions, whether they are based in the chocolate factory or in our offices.

This has led us to set the objective that no accident take place anywhere in our company in 2025.

To achieve this, Valrhona has devised a **unique professional risk assessment document**. Regular diagnostic exercises are also carried out to help set up new avenues for improving security. Each round of updates will serve to improve the company's overall action plan.

As part of its preventative efforts, Valrhona holds an annual Workplace Health & Safety week as well as **Behavioral Safety Visits** (French: Visites Sécurité Comportementale, or "VSCs"). These "VSCs" give our colleagues the chance to discuss behavior and how it can be adjusted to limit hazards. **In 2018, 1143 visits were carried out by almost 100 people.** Accident monitoring software regularly reports back on near-misses or incidents that do not result in any injury or ill health so that we can manage colleagues' health and safety as accurately as possible. More than **1000 reports are made annually**, helping Valrhona to implement corrective action.

Valrhona also counts working conditions and psychosocial hazards among its major concerns. A prevention plan and three ergonomics assessments are completed annually.

We have undertaken various actions since 2014. These include:

- Training around sequences of physical movements and posture,
- Leading warm-up exercises and stretching sessions with physiotherapists,
- Lifting and handling support,
- Reducing unit weights (replacing 20kg packages with 12kg packages).

In 2018, we consulted a number of professional ergonomics specialists to help us take the next steps in our efforts to eradicate hazardous working conditions. We have also designed more than 20 specific training modules for roles identified as being potentially hazardous.

We are particularly vigilant when it comes to **psychosocial hazards**. More than 17 projects have been rolled out since we launched our **EquiLibre** prevention plan in 2014. Thanks to these, we have been able to introduce home-working, more flexible working hours, the well-being budget, warning systems, training sessions, a healthy workplace conditions department and various other initiatives.

A further diagnostic analysis was carried out in late 2018.



In 2018

4.34%
staff absence rate

9
accidents leading to absence from work (incidence rate of 6.7; score for number of calendar days lost: 0.15)

26%
of the total number of training hours included in the overall employee training plan were dedicated to quality, safety and the environment

9
collective agreements signed

All Valrhona's employee health and safety commitments and undertakings on both its sites have been awarded **OHSAS 18001** certification.

Creating Positive Working Conditions and Securing Our Colleagues' Commitment

A prosperous business is one that employees love to work for. For Valrhona to perform and grow over the long-term, it is essential our employees enjoy good conditions and feel committed to their work.

Valrhona's **Good Working Conditions Policy** (or "Politique Qualité de Vie au Travail") was reviewed in 2018 and describes the company's ambitions for its work environment, the fair treatment and satisfaction levels of its employees, and the way it recognizes and rewards its people. It sets out our objective to consistently and proactively improve our colleagues' working lives.

Valrhona is developing a workplace which has camaraderie and creativity at its heart. **This is why we allocate each team up to €80 per team member to spend together to improve working conditions in whatever way they wish.** We have also made it easier for all our colleagues to exercise thanks to two indoor sports halls and a new sports-based health program launched in 2018. HR centers have also been launched at our sites to help us forge closer links with our colleagues and give employees the opportunity to ask questions about day-to-day issues such as pay and health insurance. In 2018, more than 50 people attended sessions held by an occupational psychologist and a social support worker.

Work-life balance is a central concern at Valrhona. In 2018, our remote working charter enabled eligible employees to work from home one or two days a week with the agreement of their manager. 120 of our colleagues, or **14% of the workforce**, now regularly work remotely. We have also encouraged staff to consider tailoring their work hours to their needs, with **52 (or 6.3% of staff)** working part-time in 2018.

Training Our Teams

Valrhona sees training and career guidance as a great way of ensuring the company remains dynamic, attractive and resilient to long-term changes, and that it never stops learning. When they join us, new colleagues attend an induction day (or, in sales personnel's case, an induction week and a tailored training course). Valrhona also started providing an introductory handbook in 2018.

Employees are supported in their career development through **key meetings**:

- The Annual Development Interview,
- The Objectives Review, which is a collaborative effort between the employee and their manager,
- The Careers Interview, held at least once every two years to give the employee the opportunity to discuss potential next steps in their professional development.

These meetings enable Valrhona to assess individuals' training needs and offer them career guidance.



GREAT PLACE TO WORK

Every year, Valrhona responds to this annual in-house satisfaction survey and its five key areas:

- Credibility
- Respect
- Fairness
- Pride
- Camaraderie

Valrhona uses this survey as part of its continuous improvement drive to measure the social climate in its workplace and tailor its HR policy. Valrhona has had Great Place To Work status since 2011. 86% of our employees took part in the 2018 survey, with 84% of them reporting that they enjoyed working with us (a 2% increase on our results from 2017).

In 2018

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The training plan covers all training activities covered by Valrhona's HR policy and put in place by the company.

As of 2018, personal development e-learning modules have been available for everyone to access via the HR portal.

Some of our training is specially tailored to specific professions. One example of this is the **Savencia Gourmet Chocolatier** training course shared across several Group subsidiaries. The 2018 course was bolstered by a new one-day module on continuous improvement. Valrhona is also developing **training courses** that lead to accredited qualifications such as the **Certificat de Qualification Professionnelle** ("Professional Qualification Certificates" or "CQP"). CQPs are officially recognized across their respective industries.

In 2018, we introduced a new CQP for logistics specialists. **25 of our colleagues** obtained their CQP in 2018, including our first group of employees to complete their maintenance technician studies at Adrial* (a grouping of local employers aiming to combine responsible development with seasonal working patterns).

Finally, since 2013 Valrhona has been inspired by the "Freedom-From Company" concept to change the way it runs its business. Our colleagues are encouraged to act with greater autonomy and responsibility and to make decisions about how to improve both performance and the company as a whole.

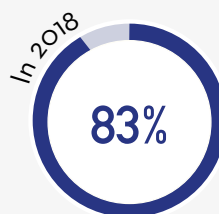
The "École du Leadership" has played a vital role in this since 2013. Through four annual seminars, the École du Leadership enables managers to think more deeply about their role, their skills and their relationships with their team so that, as part of their leadership duties, they can offer colleagues greater support. In 2018, 24 managers were guided through this development program, taking the total number of people who have completed the course since 2013 to more than 200.

Valrhona places great importance on **promoting collaborative innovation**, as demonstrated by our "Imagine" platform. Imagine encourages all our staff to share, assess and prioritize innovative ideas.

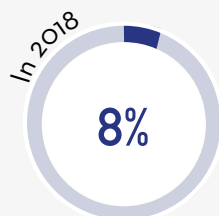
In 2018, we undertook a diagnostic study to get a better idea of the company's position on disability. It took two months to complete and results were shared via a multi-disciplinary committee. This work will enable us to implement specific actions to offer our disabled colleagues better support, recruit and integrate more disabled workers, and communicate more effectively about disability-related issues. In 2018, **5.2%** of our workforce had a disability.

Valrhona is working to ensure that all members of staff, at every level of the company, are treated equally and that our older colleagues are enabled to stay in work.

In 2018, **47%** of our managers were women, and over-55s made up **13.5%** of our workforce.



of employees received training**, with each member of staff completing an average of 21.7 hours annually



of employees received CSR training, mainly in eco-design



Diversity

Valrhona is now applying its creative flair to a whole range of roles and skills, providing an outlet for everyone from pastry chefs to master chocolatiers, cocoa sourcing experts, PhDs in sensory analysis and cocoa, pastry chefs specializing in framing, decorating and other skills, and many more.

The depth of staff talent and their collective flavor expertise are central to Valrhona's ability to innovate and generate unique competitive advantages. Diversity is a great strength, providing us with an endless source of fresh ideas. We must as such encourage it, integrate it into our work and preserve it over the long-term.

Our diverse culture includes people of all ages, genders and origins and with all kinds of skills across a wide variety of different roles. Their diverse backgrounds are immensely valuable to the whole company and enable us to call on a fantastic bank of knowledge.

Disability in the workplace is a particularly important focus for Valrhona.



Valrhona's objective is to meet its legal requirements by ensuring 6% of all its jobs are taken by people with a disability.

* Ardèche Drôme Industrie Agroalimentaire et Logistique (The Agrifood and Logistics Industry in Ardèche and Drôme).

** This figure includes mandatory health, safety and technical training.

Getting Our Teams Involved in CSR

Involving our entire company in CSR, down to every last employee, is a key change-generator at Valrhona.

Valrhona's goal is for 100% of its staff to have a professional CSR objective by 2020.

Our internal communications department has been tasked with giving employees open access to all information about Valrhona's **CSR strategy** and how it is being enacted within the business. Staff members are invited to talk about their own CSR work on our monthly in-house TV show *InterVal* and on Valrhona's private social network. Communications such as these encourage people to **get onboard with our shared project so that we can make it more cohesive, up commitment levels, and recognize the good work underway.**

We also call on our colleagues to get involved during key moments throughout the year when we focus on issues close to our heart. In 2018, we successfully trialed a new "Meet & Lunch" event themed around human rights. Its aim was to improve our colleagues' understanding of this issue over the course of a lunch. That same year, our biodiversity-themed sustainable development week gave our colleagues the chance to attend workshops and events with specialist speakers and partners such as the Ligue de Protection des Oiseaux (the Bird Protection League) and baker Roland Feuillas.



WORKING WITH OUR PARTNERS TO CREATE A SUSTAINABLE SUPPLY CHAIN

Our Relationships with Our Suppliers

As a cocoa buyer, it is Valrhona's responsibility to understand the sector and successfully manage every different aspect of our supply chain. We have forged strong relationships with our suppliers so that, together, we can co-create a sustainable value chain, long-lasting trust-based relationships, and a shared approach founded on continuous improvement. Valrhona takes its duty to raise suppliers' awareness about future issues and sustainable practices very seriously, as it is this that will enable them to support our company's development.

Thanks to the Savencia Group's Responsible Purchasing Charter, Valrhona guarantees that its buyers respect a code of conduct covering areas such as ethics, loyalty, sustainable and non-exploitative purchases, and the role of progress plans. The charter also describes the commitments we expect our suppliers working outside the cocoa industry to make around labor rights, ethics, environmental protection, risk management and food safety. The charter was updated in 2018 to include provisions for France's "Sapin II" anti-corruption law. In 2018, 75% of Valrhona's turnover was generated thanks to suppliers who had signed up to our Responsible Purchasing Charter.

* Strategic suppliers account for 80% of Valrhona's purchases.

Our Suppliers

To make sure best practices are being implemented, our partner **EcoVadis** is helping us to assess our suppliers using a well-established hazard map. We also receive support for this from **Actradis**, a third-party organization with official accreditation to verify that supplier guarantees are fully compliant.

We also hold annual meetings with our suppliers. A "Dialogue Day" will take place in 2019 to discuss our research findings and the ways in which we can improve what we do.

8% of our strategic suppliers took part in Valrhona's Dialogue Days. This figure represents more than 100 individual providers.



100% of our purchases are from suppliers who have signed our Responsible Purchasing Charter

100% of our strategic suppliers* have taken part in Dialogue Days

Our Relationships with Our Customers

It is Valrhona's responsibility to satisfy every type of customer, whatever their needs.

Valrhona's near-15,000 customers expect not just unique, top-quality products but also, in an increasing number of cases, real support and greater information about the food industry of tomorrow. Valrhona is doing everything in its power to meet these needs by working with others to create a food industry that takes all its responsibilities seriously, right down to consumer level.

Giving our salesforce CSR training offers us a vital way of raising customer awareness, because these team members are the front-line ambassadors for Valrhona's sustainability objectives and ambitions. In 2018, 100% of our sales team received CSR training.

In 2018, we designed a CSR Charter especially for loyal Valrhona customers who belong to the Cercle V program so that they too could share the CSR commitments they made when they selected us as their chocolate supplier. This charter also enables them to showcase their products and the ways in which their commitments are creating a more sustainable future for the food world.

Following on from our 2017 Customer Satisfaction Survey in which 96% of customers said they were happy with Valrhona, we set up customer focus groups in 2018 to identify areas for improvement. In 2018, 800 customers learned about Valrhona's CSR initiatives during meetings and focus groups.

Customer demands are driving Valrhona's efforts to reinvent itself. The first ever SIRHA Green in 2018 presented Valrhona with an opportunity to demonstrate its CSR commitments and meet customers with very precise needs, including for vegan, soy-free or organic products.

Trips to Plantations for Our Customers and Employees

Plantation visits are organized yearly for Valrhona customers and employees whose managers wish to reward their involvement in the company. The company pays all the costs of this week-long trip.

During our 2018 trip, our partner M. Libânio's Brazilian plantation welcomed its one-hundredth visiting customer and colleague. Attendees were able to explore, feel, smell and touch our outstanding raw ingredient while getting a better idea of the complex world in which the cocoa value chain operates. They also witnessed first-hand all the environmental efforts M. Libânio has undertaken on its plantations.

A second trip was also taken in 2018 with ten of our customers, this time to Belize. Its official title was "An Immersive Tour of the Plantation and Local Culture". The aim of the trip was to raise customers' awareness of Valrhona's sustainability program, encourage them to communicate about everything that goes into growing cocoa to their customers, and inspire recipe co-creation between customers and producers.



Customers will long remember the personal experiences they had, which included opportunities to meet and talk with producers and others involved in the cocoa sector, as well as Valrhona staff members, and other Valrhona customers.

Our Objectives for 2020



of our sales team have received CSR training



customers a year take part in Dialogue Days

We also make every effort to satisfy our customers' individual needs as precisely as possible.

Our customization services use a three-step process to create 100% bespoke chocolates:

- 1/ Identify the chocolate's sensory and technical qualities.
- 2/ Select the cocoa terroirs that open up the best creative possibilities.
- 3/ Design the most optimal recipe possible.

The Key Accounts team that runs this service also helps customers to create a narrative around their product by coming up with the communications they need.

45 customization projects were carried out in 2018.

Valrhona has made commitments to the local region so that our expert skills and values have as big an impact as they can on our neighbors. This is the reasoning behind Cité du Chocolat and Fondation Valrhona projects promoting the closer ties, social interaction and skills exchanges that will help communities develop.

Using Flavor to Forge Social Bonds: The Cité du Chocolat and Fondation Valrhona's Local Actions

Valrhona has been holding its Flavor Discovery Workshops at the Cité du Chocolat since 2017 to introduce 4- to 10-year-olds to different flavors, aromas, sensations and textures. By giving visitors the chance to go to workshops, we aim to virtually transport them into our chocolate factory and hear the experiences of the people who make Valrhona chocolate.

Valrhona is supporting some of the most vulnerable people through pastry courses led by its own pastry chefs. Attendees included disadvantaged young people and children who are sick, disabled or in the care of the Fondation Ardouvin. In another important example of our work, Valrhona invites children working with the Kiwi Organization to an away-day at the Cité du Chocolat. We are also donating the profits from a cookbook sold in our store to Kiwi.

A Workforce Committed to Our Local Community

Valrhona encourages mentoring as a great way for our employees to actively share their skills and donate their time. Valrhona grants each employee a day out of every year to work with the Fondation.

- One Valrhona staff member has also developed Akadi, a project designed to show young people that it is easy to eat healthily and tastily and cook their own meals from scratch. Valrhona employees lead two-hour Akadi workshops with young migrants.
- Employees are also given the chance to run introductory chocolate workshops with children, in partnership with the IRIS Association at IHOP* Lyon.



FONDS SOLIDAIRE VALRHONA

A forward-looking fund to create an ever-greater impact: The Valrhona Foundation.

The Fondation Valrhona is currently dependent on donations from Valrhona itself.

In 2019, a fund will be created to allow all our stakeholders to invest with us in issues that affect us all. This new fund will help to keep the Fondation Valrhona's work running over the long-term and to finance multiple food- and cocoa-related projects. **The one and only objective** behind this initiative is to make our impact all the greater.

Our commitment to imagining the best of chocolate for tomorrow cannot be achieved without the support of our partners and our entire ecosystem.

We need your help to promote responsibility and sustainability in the cocoa sector and in the food industry. We would love to meet with you to share your ideas, to discuss the things that matter to you and explore how we can move forward together.

In 2018

62

people work for the Fondation

3350

staff hours have been spent on mentoring initiatives

€343,161.02

donated throughout the year



Get in touch!
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* The Institut d'Hématologie et d'Oncologie Pédiatrique (Hematology and Pediatric Oncology Institute)





Live Long



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