

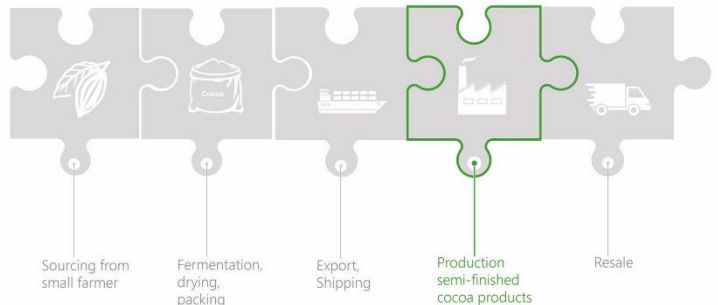
Sustainability Report 2024



Editorial

We are proud to present you our second sustainability report.

PRONATEC has been a pioneer in the fair and direct sourcing of premium organic food ingredients for more than 45 years. We maintain personal and long-standing relationships with the smallholders and support them from the cultivation to the marketing of their goods at a profitable price. More recently, in 2022, we have also entered the world of food processing by opening the world's first exclusively organic cocoa processing plant. The food value chain offers enormous potential for positive development in many areas of sustainability. By fostering organic agricultural practices, empowering smallholder communities and providing consumers worldwide with safe, healthy and sustainable ingredients, we want to make our contribution to a more sustainable food system. All our products are ethically sourced and around 90% of our cocoa products, chocolate, coatings, sugars, vanilla and spices are certified organic. A large proportion of them are also fair trade certified.



Becoming a food processor has given us important additional levers to achieve our sustainability goals. At PRONATEC Swiss Cocoa Production, we are passionate about using only organically cultivated, certified cocoa beans for our cocoa mass, butter, powder and nibs. This is paying off: Since the start of production, we



have seen a significant reduction in pesticide residue cases. PRONATEC specialises in meeting multiple, exacting certification standards and the strictest quality criteria. This way, we help our customers achieve their individual sustainability goals.

The PRONATEC team pursues the implementation of our sustainability agenda with great enthusiasm and a spirit of innovation. The present report gives an overview of the most important milestones but also defines areas for future improvement.

Yours sincerely,

David Yersin
CEO and Owner PRONATEC AG

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1. Summary

Since first reporting on our sustainability goals and achievements, we have never stopped to gear our activities towards a net positive impact on environmental and social development. At the time of our last report, PRONATEC already performed well in many areas of sustainability. Since then, some aspects have been clarified and for others, the path we want to take has become more clearly visible. In the present report, our policy and objectives were complemented with the specific aspects of our new cocoa processing plant.



The establishment of our own cocoa factory in Beringen, Switzerland, was one of the biggest sustainability achievements of the last few years. In the plant design and implementation, the strictest requirements for energy efficiency were taken into consideration from the beginning. The location of the plant allows for much more efficient logistics, such as a substantial increase in bulk liquid transports, which are a gain for all parties involved.

The fact that the cocoa is now processed by internal staff allows us to positively influence their working conditions.

Furthermore, there has been a huge improvement in external communications. PRONATEC has become a respected participant in public discourse and has become present in various trade media. Another achievement has been the launch of sustainability projects in the countries of origin, along with respective communication measures. These projects go beyond the requirements of organic and fair trade certification and aim at implementing more sustainable agricultural practices and fostering regional development.



Of course, there is still room for improvement. In the past year, there has been a drop in fair trade premiums due to poor harvests and declining sales of fair trade certified goods. Our influence on this trend is very limited. However, PRONATEC will take measures to strengthen its fair trade certified suppliers and help all direct suppliers to comply with the more and more complex certifications, quality requirements and global trade regulations, such as the EU Deforestation Regulation.

As regards its growing number of staff, PRONATEC will stay committed to progressive working conditions both in terms of hard factors, such as working hours or wages, as well as soft factors, such as respect and decency, as integral part of its ongoing success.

2. Introduction

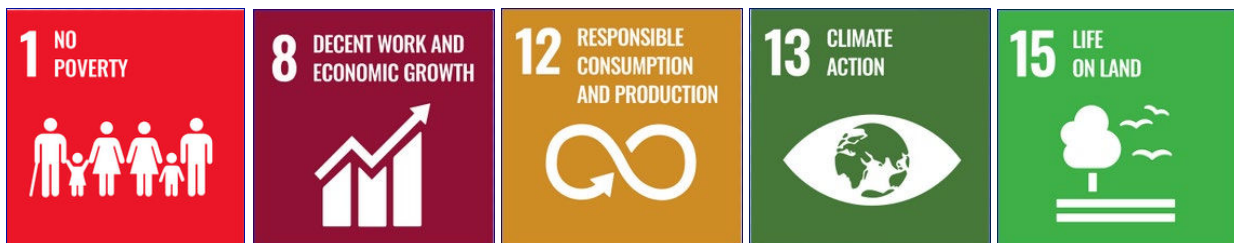
Sustainability is at the heart of our business, and we report on our sustainability achievements on a regular basis. However, the habit of documenting the many efforts and measures taken still needs to be established. Especially since daily business keeps us very busy. The following numbers (year 2023) show the scope of our work:

- Number of suppliers: 24 from 15 different countries
- More than 18'000 tons of goods sold
- More than 15'000 smallholders growing organic cocoa, sugar cane, vanilla and spices
- 17 certifications
- 689 containers of goods shipped in 2023
- 1.39 Mio USD in fair trade premiums
- 93 employees in Winterthur and Beringen, Switzerland
- 67 kg of organic and fair trade coffee consumed at our head office

The biggest change since the publication of our last sustainability report has been the commissioning of our own cocoa processing facility. For PRONATEC, this has been a major shift from mainly service-oriented work towards both services and food processing. This has brought about several changes on various levels, such as a significant increase in electric power consumption as well as the introduction of gas as a new source of energy and night shifts as new part of our employees' routine.

2.1 Sustainability strategy, policy and reporting

Through our business, we want to have a positive impact on all people and regions involved in our supply chain. In doing so, we aim to be part of an economy of the common good. PRONATEC wants to make a difference by promoting organic agriculture, by empowering smallholder communities and by bringing innovative, certified products to the market. With its actions, PRONATEC contributes predominantly to the following 5 out of the 17 UN Sustainable Development Goals (SDGs): No Poverty, Decent work and economic growth, Responsible consumption and production, Climate action and Life on land:



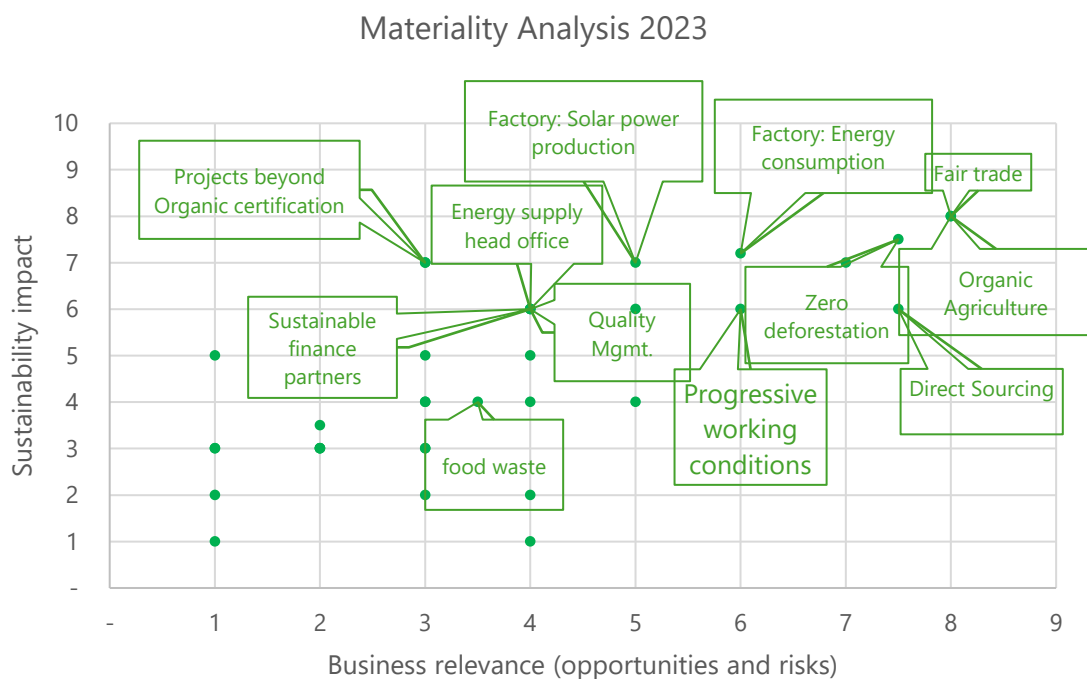
The present report is complemented by the following documents and resources:

- Code of conduct: This newly created document outlines our shared ethical standards for conducting business worldwide and provides our staff and business partners – suppliers and customers alike – with a shared understanding of our values and expectations. Our code of conduct puts our sustainability policy into practice and is available [on our website](#).
- Food safety, quality and sustainability policy (May 2024): We have added the dimensions of quality management and sustainability to our former internal food safety policy.
- Communications: We spread the word about our sustainability projects in the countries of origin, such as annual fair trade premiums paid out or updates on specific KPIs. Our latest news are published [on our website](#) on a regular basis and distributed through our newsletter as well as on LinkedIn.

We stay committed to report on progress regularly. As of summer 2024, more manpower will be available for sustainability topics. However, the additional workforce will continue to focus on sustainability projects to maximise impact, rather than on reporting.

2.2 Materiality analysis

The following materiality analysis helped us to identify the most important sustainability areas to focus on and set the right priorities. It shows clearly what topics have the greatest impact in terms of sustainability and which areas are the most relevant to our business. In 2024, PRONATEC will put a strategic focus on the topics as defined below (from right to left): Fair trade and organic agriculture, Direct Sourcing, zero deforestation, energy consumption of the factory, progressive working conditions, energy supply head office and solar power production, sustainable finance partners, quality management, food waste and projects beyond organic certification.



The materiality analysis shall be updated on a yearly basis.

2.3 Sustainability certifications

There is a growing number of sustainability and reporting standards, some of them being more general, such as GRI and ISO 14001, others more specific, e.g., the SbTI for greenhouse gas emissions. PRONATEC does not currently hold any of these certifications and currently does not intend to introduce any of them. This is not by lack of commitment to sustainable development. Many of the sustainability standards might help to identify some room for improvement otherwise overlooked and would most probably help to improve our sustainability data. Still, we are quite positive that the most tangible consequence of introducing any of these standards would be additional cost and paperwork. Our certifications and compliance team manages more than 33 external audits every year. Our focus will remain on organic and social (fair trade) certifications as well as quality and food safety certifications.

Overview of our certifications in 2024:

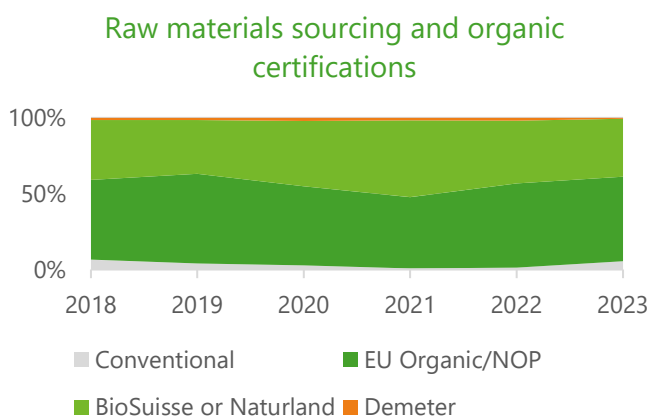


3. Raw materials sourcing

The agricultural practices used to produce our raw ingredients cocoa, cane sugar and spices clearly have the biggest environmental, social and economic impact of all our business activities. That's why our sourcing strategy is by far our company's most important contribution to sustainability. The raw materials we source are almost entirely certified organic. Organic agricultural practices maintain and develop long-term soil health and effectively protect biodiversity.

3.1 Organic and fair trade certifications

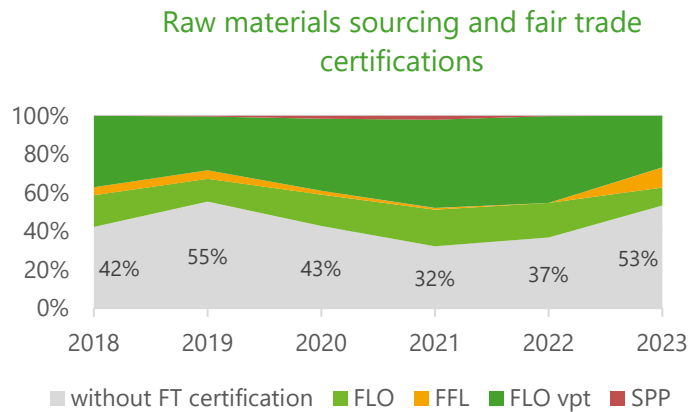
Organic ingredients are PRONATEC's core competence. Since our last report, we have continued to achieve very good results. However, our target of sourcing 100% certified organic ingredients has not yet been achieved. This is mainly due to a small number of sales of non-organic but fair trade certified sugar. The following graph shows the proportion of the most important organic certifications as compared to conventional (non-organic) sales.



As of 2024, we offer our clients the first *Regenerative Organic Certified (ROC)* cocoa from Latin America. This is our response to increasing demand from our customers for products from regenerative organic cultivation. The ROC certification supplements existing organic standards with elements relating to sustainability, environmental protection and social responsibility. The agroforestry systems already in place gave us a solid starting point so that we only needed to make minimal adjustments in order to obtain the ROC certification.

PRONATEC's certified organic goods can be purchased either with or without fair trade certification. After some years of constant growth, the proportion of fair trade certified goods has declined over the last year: Sales without fair trade certification have reached 53% of our sales in 2023 (as opposed to only 32% in 2021). On the one hand, this is due to poor harvests at several of our fair trade suppliers, mostly in cocoa. On the other, there has been a comparatively low demand on the market. Some customers buy fair trade certified ingredients as a matter of principle (which we strongly encourage), while others simply do so because they must in order to produce the required "label products" for their customers in turn. Another group of customers are opposed to the official fair trade standards but still buy fair trade certified products or pay higher prices supporting this good cause because this corresponds to their ethical standards. Others, however, buy goods without fair trade certifications while asking us to confirm compliance with fair trade standards through lengthy questionnaires. This stands in stark contrast to the low prices they are willing to pay, which do not allow for a truly "fair" trade worth the term. In the current economic situation with the overall price increase and political insecurity, the most committed brands (which are often the rather expensive ones) are the ones most under pressure.

The graph on the right shows the share of goods bought with or without fair trade certification. Our statistics omit the certification of Rainforest Alliance, because the great majority of the sourcing done with Rainforest Alliance certification is done in multiple certifications together with the stronger fair trade and organic standards.



PRONATEC is proud to pay important amounts of fair trade premiums to the cooperatives. They are a powerful instrument to improve the livelihood of smallholders. Most regrettably, these payments were also affected by last year's development. The annual sum of premiums paid through the FLO (Max Havelaar) and Fair for Life (FFL) certifications summed up to 1.39 Mio USD last year (37% below the average of the last three years).



PRONATEC sees two ways to counteract this development: On the supply side, we want to increase the number of suppliers with fair trade certification. On the sales side, we want to raise awareness for the cause of fair trade and the responsibility of all actors for the value chain.

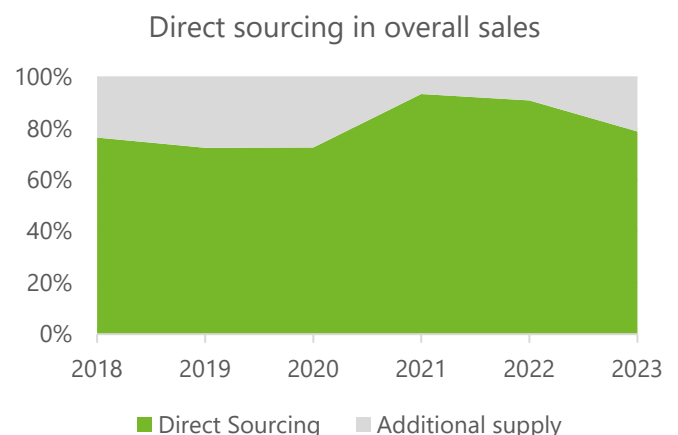
3.2 Child labour

The Dominican Republic as our main sourcing region has historically not seen a problem with child labour on a relevant scale, as compared to many other cocoa producing countries. This is also confirmed by Unicef's *Risk indicator of child labor*, which is expected to be at 4% in the Dominican Republic and considered 'good' in their *Fairtrade International Risk Map*. In comparison, the risk level of Western African countries is between 20-25% (Ghana: 20%, Cote d'Ivoire: 22% Sierra Leone: 25%) and other Latin-American countries between 2-15% (Panama: 2%, Brazil: 5%, Peru: 15%). Unicef's findings are in line with PRONATEC'S first-hand insights in the Dominican Republic: Since 1999, when PRONATEC started sourcing cocoa from the Dominican Republic, not a single case of child labor has been detected by independent auditors at any of PRONATEC's sourcing partners.

The absence of child labour in PRONATEC's respective supply chain is assessed and confirmed by four different standards, namely Fairtrade International, Rainforest Alliance, Fair for Life and Regenerative Organic Certified (ROC) in different audits by independent third-party auditors. Our "No child labor policy" applies to our other sourcing regions worldwide. Compliance with our policy is ensured by independent organic and fair trade inspection bodies.

3.3 Direct sourcing

It is part of PRONATEC's vision to make a strong link between our customers and the smallholders in the countries of origin of our products. This is why PRONATEC buys the goods as close as possible to the farm gate. With many of our suppliers, we can look back on longstanding business relationships dating back to the year 2000 and before. For our business, however, we still require a certain flexibility in order to develop new regions and products or to react to external factors such as poor harvests. Therefore, we do not aim at 100% of direct sourcing but rather set ourselves a target of 95% of direct sourcing in our product portfolio.



We have coined the term "PRONATEC Direct Sourcing" to show its importance to our business. For this term to be applied, at least 5 of the following 7 criteria need to be fulfilled:

1. We have been doing business with the supplier for at least 4 years
2. The partner institution consists mostly of smallholders (e.g., smallholders' cooperative) or is supplied mostly by smallholders (e.g., sugar mill supplied by smallholder farmers)
3. We work together on projects (e.g., new product development, new certification)
4. There is an intense contact beyond the level necessary for the commercial interaction
5. 95% of the goods provided by the supplier are produced by own means or own members (e.g., not a mere trader/middleman)

6. The payment is invoiced by the supplier itself or by an impact investor helping out for the prepayment (e.g., Rabobank, Triodos bank, Oikokredit and others)
7. Both parties value the important of the business relationship.

In 2023, our vanilla and spices department perfectly met our target set for direct sourcing, while cocoa was on a good way with 91% of direct sourcing for cocoa beans. In sugar, we reached a limited direct sourcing level of 66%. The reason for this is that there is a small number of suppliers that do not comply with our internal definition of direct sourcing and from which we bought few but very important lots. The share of direct sourcing will probably not increase in the next few years because of an ongoing diversification of the supply chain. With any new supplier, the commercial relationship needs some time to mature before being defined as direct sourcing.



3.4 YACAO

The largest part of our organic cocoa is sourced by our subsidiary YACAO in the Dominican Republic. YACAO has been carrying out fermentation, drying, quality control and export of cocoa beans since 1999. By helping to set up FUNDOPO in 2002, YACAO laid the foundations for one of the most successful smallholder organisations in the Dominican Republic. To this day, we are a loyal partner to the more than 3'000 FUNDOPO smallholders (of whom 500 are women) and purchase as well as pre-finance their entire harvest.

Through YACAO, we have been able to implement sustainable processing processes. YACAO takes great care to use their infrastructure and machinery to full capacity, aiming at best possible efficiency while minimising environmental impact. In addition, logistics is organized efficiently as well (e.g. fewest possible transports, fully loaded trucks only – see also chapter “Transport, storage and distribution”). The four processing centres of YACAO are equipped with solar panels to supply office infrastructure as well as lighting and other processes. The YACAO team counts 90 members of staff (in 2023), 70% of whom are women, many of them in leading positions. An additional 80 seasonal workers are employed during high season.



3.5 Smallholder farming and projects

Smallholder farming is an important factor for the diversification of a regional agricultural system. The cocoa beans as well as the vanilla and spices commercialised by PRONATEC are traditionally grown in smallholder farming systems.

Organic farming works very well in a diversified production environment. In a region where various types of cocoa are grown in agroforestry systems along with other crops such as fruits and vegetables as well as shadow trees, the occurrence of diseases, soil degradation and pests is much lower. However, once the whole work of establishing and registering the organic certification has been completed, the producer as well as the buyer will push towards increasing the production of the most demanded good. Consequently, there is a trend towards gradually replacing diversified agroforestry gardens by systems consisting predominantly of cocoa trees, all of the same modern hybrid breed. While this would boost yields in the short term, it would also increase the occurrence of pests, diseases and soil degradation in the medium and long term. To ensure that growth does not come at the expense of species diversity, PRONATEC has launched an innovative community project to promote biodiversity in cocoa-growing areas of the Dominican Republic and generate valuable additional income for smallholder families at the same time. The latest information about this project can be found in the news section on our website.



3.6 Deforestation-free production

Cocoa is undoubtedly one of the global agricultural products causing a lot of direct and indirect deforestation. Due to the high degree of organisational development of the producer groups and the high environmental standards, however, the risk is much lower for organic cocoa in general. The developments of the last years, however, have shown that organic certification alone, as it is currently organised, is not a sufficient warranty to exclude any amount of new deforestation.

PRONATEC clearly has the goal that none of the raw materials sourced, be it cocoa, sugar or spices, cause any direct or indirect deforestation. Wherever possible, PRONATEC wants to promote a net gain of vegetation cover (e.g., by conversion of degraded grazing land into cocoa agroforestry surfaces). The upcoming EU regulation on deforestation-free supply chains (EUDR) has made it even more urgent to act now.

Deforestation in cocoa happens primarily in the main cocoa-growing countries in West Africa, where forests are cut down to grow cocoa. PRONATEC sources cocoa chiefly from small farmers' organisations in Latin America, where cocoa is mainly grown in traditional agroforestry systems. These forest-like systems harbour a rich biodiversity. Fallow land or former pastureland is often turned over to agroforestry. This all means that the risk of deforestation is minimal compared to conventional supply chains. To eliminate any risk before exporting from the countries of origin, we are taking the following measures:

- **Promotion of agroforestry cultivation** with training programmes, seedlings of local cocoa varieties and other crops
- **Reforestation** of already degraded areas
- **Raising awareness among local partners** for the issue
- **Georeferencing cultivated plots:** Our partners use a new software tool to measure and precisely record each cocoa plot
- **Analysis of the cultivation areas surveyed:** The geodata of each area are compared with deforestation databases in order to assess the risk in the region and a possible direct cause.
- **Verification and on-site measures** for any risks identified
- **Compliance with local legislation and associated monitoring**
- **Provision of the required data** in the required form



3.7 Performance summary: raw materials sourcing

Subject	Objective	Performance	Status	Out-look
Sourcing of certified organic ingredients	By 2025, 100% of the raw ingredients sourced by PRONATEC are certified organic (vanilla: 90%)	94% in total and 89% for vanilla		 
Sourcing of fair trade certified ingredients	<ul style="list-style-type: none"> - By 2025, 100% of the raw ingredients sourced by PRONATEC are fair trade certified - The sum of fair trade premiums increases every year 	43% in total 1.39 Mio USD of fair trade premiums in 2023 (decrease since previous year). Improvement for the coming years in preparation.		
Promoting stricter organic and fair trade labels/certifications	Growing sales of products meeting exacting certification standards	Products with BioSuisse, Naturland and Demeter certification make up for 23% of sales, quite stable		
Promoting organic and sustainable agricultural practices that go beyond the requirements of the certification standards	There is at least one project in the countries of origin which promotes biodiversity, agroforestry and/or soil organic content	Several projects on agroforestry and soil organic content were launched in 2023		
PRONATEC Direct Sourcing	95% of the raw material is sourced according to PRONATEC direct sourcing principles (see respective chapter)	The overall share of 79% is compliant (apart from sugar). See chapter "direct sourcing" for more details.		
Sourcing from smallholders	The share of raw material produced by smallholders is increasing	The trend goes in the right direction but, as with direct sourcing, sugar with its big volume and weight lowers the overall share. However, with the growing importance of cocoa, the share is increasing, because cocoa from our providers is almost entirely produced by smallholders.		
Efficient planning of field visits	The ratio of air miles and product quantity stays the same	We have been able to maintain the good level: Despite our global activities, the number of flights is low, and they are planned efficiently.		
Allowing processing in countries of origin	Decentralised processing is encouraged	Same state as in our last report. Decentralised production is maintained to same extent. But quality requirements by the market push development towards centralised processing. Hence, improvement is neither visible nor planned.		

Subject	Objective	Performance	Status	Out-look
Improving smallholder revenues	The revenue of the smallholders producing our goods increases	Due to a lack of capacity, there is no actual data for 2023. But due to the higher sugar prices in 2023 and the skyrocketing cocoa prices, there is no doubt that we have achieved this goal. More details will follow in 2024.	○	😊😊
No fiscal engineering	No financial complication with the mere aim of fiscal engineering	Same as last report: Status is good and outlook as well. Fiscal engineering seems to stay quite uncommon in organic and fair trade commerce.	😊	😊
Deforestation-free production	None of the goods sourced by PRONATEC were produced on surfaces recently deforested or included in a clearly monitored traditional sustainable cultivation cycle.	New aspect: data from the field show that deforestation can be expected to be low but not yet zero. Registration of field polygons (geolocation) is currently being carried out and will enable systematic monitoring based on quantitative figures.	○	😊

4. Transport, storage and distribution

The way goods are transported, stored and distributed can have a considerable environmental impact.

A positive aspect of this section is the fact that cost efficiency of transport, storage and distribution is perfectly compatible with environmental efficiency. Everyone in the value chain wants to avoid empty trucks and has no interest in making unnecessary trips.

4.1 Differences regarding last sustainability report

There have been few changes in our logistics processes compared to the last report. The performance was already good at the time of our last analysis. Some major improvements have been possible, however, owing to our new cocoa processing facility in Switzerland in 2022.

4.1.1: Longer distances in shipping containers

Logistics based on shipping containers represents a good solution to transport a higher quantity of goods in a much more efficient way while producing less waste. Before 2022, all cocoa beans imported by PRONATEC were taken to storehouses in Benelux, where they were processed by third-party processors. The semi-finished goods were then distributed by truck throughout Europe, mostly packed in 20kg cardboard boxes. With the opening of the new cocoa factory in Switzerland, a large proportion of the cocoa can be shipped to Switzerland still in shipping containers. It is transported by barge or rail from the European sea port almost up to the factor without requiring any additional packing. Each shipping container that can be delivered directly to the factory helps to reduce greenhouse gas emissions.

4.1.2: Higher quantity of bulk liquid deliveries

In the past, bulk liquid deliveries of cocoa mass and cocoa butter to our customers were difficult to realise mainly due to organisational challenges and higher geographical distances. Our new factory in Switzerland, however, is much closer to many of our customers. Dedicated 72h storage tanks at our plant give us sufficient time to analyse the products before delivery in order to meet customer's requirements upon delivery. All of these factors have allowed us to significantly increase the number of bulk liquid deliveries (2.8 times more than in 2021, when PRONATEC's semi-finished cocoa goods were processed by external partners in Benelux), which saves a lot of energy, prevents a lot of waste as well as greenhouse gas emissions and saves quite some money and represents a major improvement for all parties involved.











4.1.3: Room for improvement

The social aspects of transport, storage and distribution certainly give room for improvements. The direct staff of PRONATEC and its subsidiaries benefit from good working conditions. However, there are no systematic measures in place yet for other people in our value chain, such as people employed on ships, trucks or in warehouses around the globe.

Furthermore, there is room for improvement regarding monitoring. The upcoming expansion of our sustainability team will allow for a better data monitoring regarding the environmental efficiency of PRONATEC's logistics strategy.

Efforts are being made by some companies to move goods on sailing ships instead of the usual container vessels. There are several projects based on cargo sailing ships and ever bigger new cargo sailing ships are being built. Importing goods on sailing ships is almost emissions-free. However, for PRONATEC, this is not currently a priority as this would generate much higher costs that we cannot come up for on our own.

4.2 Performance summary transport, storage and distribution

Subject	Objective	Performance	Status	Out-look
Maximum efficiency in logistics, namely regarding storehouse location, means of transportation and coordination of logistics processes	Minimise transports: - Choose the most efficient means of transportation - Use transport by ship wherever possible- Fill containers to the max - No goods transported by plane if not necessary - Minimise number of transports with the means of transport as full as possible - Warehouse climatisation (heating/cooling) only if necessary and when necessary	Continuous improvement on all levels and by all actors involved All objectives reached, with exception of vanilla imports: Vanilla pods are the only goods that need to be transported by plane due to financial risks and insurance issues (high concentration of value). Any greenhouse gas emissions from these exports are precisely calculated and serve as the basis for financial contributions towards high-quality climate protection projects ("myclimate" impact label).		
Waste minimisation	- Minimise packing - No import of pallets from countries of origin	Objectives reached. Data monitoring needs improvement.		
Food waste minimisation	- No disposal of marketable food	Objectives reached. Data monitoring needs improvement.		
Committment to environmentally friendly logistics	- Support initiatives which minimise the environmental impact of transport (e.g., improving ship engines or introducing cargo sailing ships) - Privilege environmentally friendly logistics partners	No measures taken in the last three years.		

5. Processing

Most of the products sold by PRONATEC are semi-finished products rather than unprocessed food ingredients, e.g. we source ginger as dried ginger slices and sell it as ginger powder. For the processing of many goods, PRONATEC closely cooperates with specialised transformation partners. For cocoa, however, the most important processing step is done in our own cocoa factory since the beginning of 2021: Here we process cocoa into semi-finished cocoa products (mass, powder, butter and specialised products such as cocoa shells and nibs). In both cases, the processing of raw ingredients offers important levers regarding sustainability, such as energy consumption, transportation, packing as well as the subjects of employment and food waste.



5.1 External processing partners

With the launch of our own factory for semi-finished cocoa products, all of the remaining transformation partners we work with are smallest to medium-sized enterprises. Most of them are highly specialised partners in Switzerland, its neighbouring countries or in the Netherlands. The objectives set for external processing are included in the section of transport, storage and distribution.

5.2 Internal processing: PRONATEC Swiss Cocoa Production

PRONATEC Swiss Cocoa Production has become a relevant actor of the cocoa processing industry and has established itself as a highly specialised organic processing business. Our plant is one of the most advanced cocoa processing facilities worldwide. With separated temperature zones, heat recovery, real-time controlling and efficient insulation, it meets very high energy efficiency standards. In 2023, the plant was operating at full capacity, so that the year 2023 serves as a benchmark for any additional sustainability measures in the future.

The objectives from chapters “Transport, storage and distribution” and “Head office” apply to the cocoa factory and its staff, too, and are complemented by the following sections.

5.2.1: Energy consumption

The energy consumption of the plant is by far the most important factor in terms of sustainability. A crucial step for minimising energy use has been implemented right from the start: Setting up a completely new factory was the perfect occasion to install a system which provides maximum energy efficiency.

The cocoa plant runs mostly on electric power. Currently, there are only four machines which additionally require gas. The electric energy is provided by the energy supply company of the region of Schaffhausen and is sourced entirely from European waterpower. The use of gas is minimised as much as possible. Thus, the low hanging fruits have been picked already. The next steps consist of monitoring and identifying further room for improvement in order to achieve the highest possible energy efficiency.

5.2.2: Energy production

The location of our facility is ideal for the production of solar power from its roofs. However, when the building was constructed by its former owner, it was set up too close to static limits. If the roof was completely covered with standard solar panels, it would probably collapse under the next big snowfall. Due to this complication, the setup of solar power panels therefore had to be postponed until after the commissioning of the factory, when there would be more capacity to implement any supporting measures. However, the objective remains the same: Find a solution to produce a maximum of solar power on-site.

5.2.3: Waste management

According to our policy, waste should be minimised as much as possible. Waste that can't be avoided should be recycled wherever possible. A monitoring system helps us to identify possible peaks as well as potential room for improvement. Currently, there are three types of waste generated at our production facility:

Recyclable waste

Cardboard, paper, glass etc. are collected and recycled separately. The most important part of recyclable waste, however, are Big Bags. These are collected separately and sent to a specialised Big Bag recycling facility. In 2023, there were 22.1 tons of white food-grade Big Bags being collected for recycling.

As for the head office, no statistics will be established regarding the standard recyclable office waste (paper, cardboard, glass, PET, etc.).

Food waste

Food waste at our production site in Beringen is treated the same way as it is in the entire company: Depending on its food safety status it is attributed in the highest possible way of the following cascade: Rework, selling out of spec, selling as animal feed, biogas, as solid waste. There are animal feed producers and biogas production plants in the region. This gives us convenient possibilities for the reuse of food waste provided that we can exclude any plastic contamination. In practice, this concerns mainly cocoa bean shells that do not comply with food safety regulations, as well as lab sample leftovers. For lack of capacity, there has not yet been any systematic documentation of the quantity concerned. The statistics will be set up for 2024.

Remaining solid waste

The remaining waste generated at our production facility is disposed of in the solid waste system of the canton of Schaffhausen. It is eventually burned in specialised incineration stations in Eastern Switzerland, which have state-of-the-art air pollution control filters in place and where the heat is used for energy production and district heating. Find more information [online](#). The dominant part of solid waste is made up of the remains of the first sieve step of the cocoa cleaning process: It consists of bits of cocoa mixed with remains of packing, plastic, wood and stones. Due to the plastic and stone content, it can't be used as animal feed or the production of biogas.

5.2.4: Other aspects of processing

Water treatment: The factory has a facility for the extraction of fat from the wastewater. The remaining water is transported to the communal sewage treatment plant in the neighbouring village of Hallau through the sewer system. This ensures the treatment of 100% of the factory's sewage. See [online](#) for more information.

Water consumption: Fresh water is used principally for cleaning and as well as for cooling and processing. No systematic waste of water has been identified so far. Luckily, there has never been any situation of water shortage in the region so far, which would have implied measures to save as much water as possible. For this reason, no specific measures to save fresh water have been put in place.

Social aspects: The social aspects of the factory correspond to the social aspects of the rest of the company. There are a few particularities, such as shift work, but the company culture with the habits and rules defined for the head office applies to the factory staff as well.

Mobility: The factory lies at a 5 minutes' walk from the next railway station with connections to the city of Schaffhausen every half an hour. However, the German border is very close, and many employees are commuting from Germany. The cross-border public transport system would have room for improvement. In addition, during night shifts, there are no public transports available at all. Thus, the proportion of staff commuting by car is high and there is not much to be done about it.

5.2.5: Additional objectives

The following, more specific objectives for our cocoa processing facility complement the more generic objectives for processing partners as defined in chapter "Transport, storage and distribution":

Subject	Objective	Performance	Status	Out-look
Energy consumption of transformation	Reduce the amount of gas and electric power for processing, by quantity of processed goods	No waste of energy so far identifiable. Monitoring will start with baseline 2023.	○	😊
Own production of electric power	The factory produces the maximum amount of electric power possible on-site	See section Energy production on page 20.	○	😊

6. Head office

In this chapter, we summarise all the aspects of sustainability regarding the Swiss offices and all their relevant sustainability aspects.

6.1 Improvements compared to last report

In December 2023, 93 people worked for PRONATEC and its factory, sharing a total of 79 full-time equivalents. One of the central contributions of PRONATEC is its tradition of family-friendly working conditions. The high proportion of part-time employees, both men and women, is the best evidence for this.

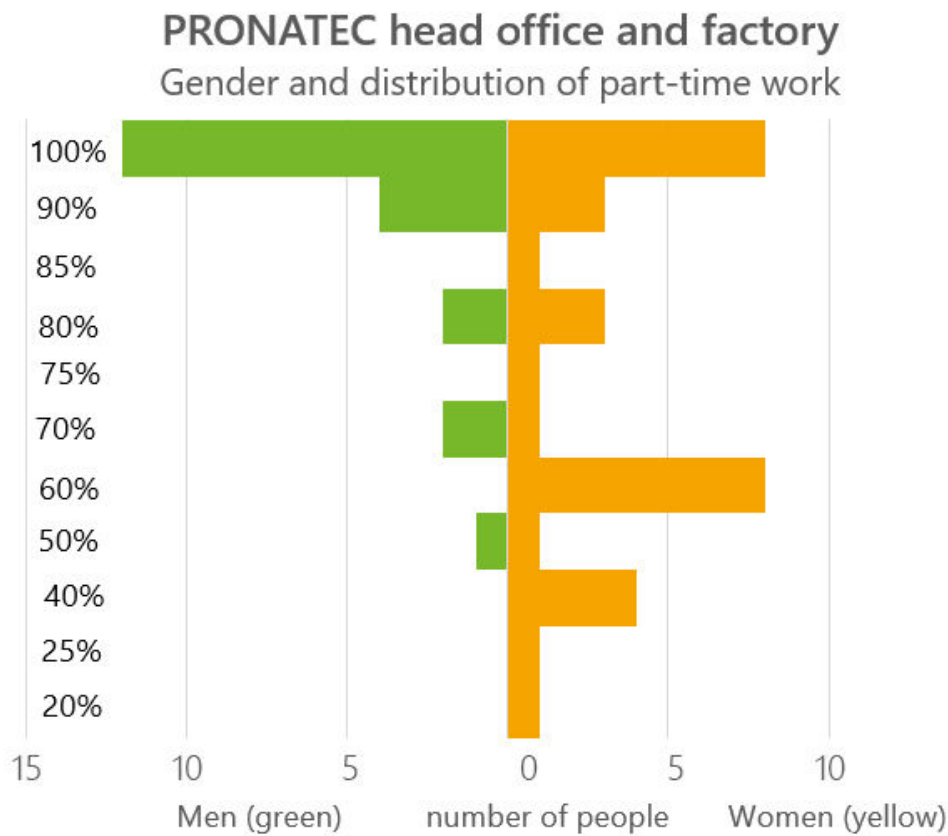
The social aspects of employment have been defined more clearly since the last sustainability report: The working conditions allowing a decent work-life balance and a flexible care work have been formalised along with an update of the employment regulation and the rules regarding working time registration. In fact, this step was an officialization and a clarification of the advanced practices already in place:

The new employment regulation includes a defined yearly workload which allows for more flexibility throughout the year in coordination with the team, rather than inflexible, predefined working times regardless of the actual workload. The second big change is the formalisation of extended maternity and paternity leaves, if desired (the mandatory leaves as required by Swiss law being very minimalistic). While fathers can opt for a paternity leave of officially 2 weeks to one and a half months, mothers can extend their mandatory leave of 14 weeks up to 6 months.

The most important factors for successful working life, however, are hard to define in regulations: Respect, teamwork, decency, commitment, trust, etc. definitely play an important role here. This attitude can be seen, for example, in the flexibly to attend to the needs of a colleague whose kid has fallen ill and can't go to school. These soft factors need to be established and maintained in everyday working life habits and they have been at PRONATEC. Still, we wanted to include them in our code of conduct as well as in PRONATEC's respective internal policy.



The proportion of men and women working for PRONATEC is fairly balanced. The following graph shows the distribution between the sexes along with their workload (men in green, women in yellow). One point remains unbalanced, however: There are still only few departments led by women.



6.2 Energy and emissions

The environmental management of the head office does not offer much room for improvement. The choice of means of transport offers the greatest potential for optimisation: PRONATEC wants to minimise the distance flown for business reasons. There are two measures in place to prevent unnecessary flying: Firstly, flights should not be used as means of travel for destinations which can be reached by train within 8 hours from Winterthur or by night train. However, some exceptions had to be allowed for reasons of strike, health issues, urgency or lack of available space. It is a sad fact that the current night train capacities from Switzerland do not allow bookings at short notice as required by most businesses. Secondly, wherever feasible, employees are allowed to take the train also if the travel takes longer than 8 hours. The effect can be measured: The number of avoidable short flights came down from 20 in 2019 to 4 in 2023.

Overall, the objective is that the distance flown compared to the quantity of goods does not increase. Currently this figure is at 12km per ton of sourced raw material. This is a very low figure considering the internationality of our business and it will probably rather grow over the coming years. A growing number of far-off producer countries will lead to a growing number of individual trips. Furthermore, the growing complexity of the markets, standards and regulations will increase the need of on-site support by specialised PRONATEC staff. See also the following chapter “Quality management”.

6.3 Quality management

Quality management, food safety and compliance with external standards are central pillars of PRONATEC's business. Therefore, these topics are very prominent in its policies and vision. A dynamic team of professionals is constantly improving the respective processes and adapting to new regulations. This also includes coping with the consequences of new regulations, standards and market expectations, private or public, which can sometimes be quite far away from practical realities and which in some cases, even seem opposed to the original goal they had been created for. The required paperwork is ever increasing while only a part of it is really necessary in order to implement the necessary quality management measures and ensure overall compliance.

Thus, PRONATEC's internal policy puts a focus on quality management principles which are targeted, effective and efficient. Wherever possible, we would like to take action to help that standards and legislations are designed the same way: effective, targeted and applicable to everyday business.

PRONATEC has an important role to play as supporting institution for its suppliers, especially for small, low-tech farmers' organisations: on the one hand by simply informing customers about the reality in the field and by keeping the suppliers informed about upcoming amendments in standards or regulations as well as quality measures to be taken. On the other hand, PRONATEC provides support and instruments for producer groups which allow them to cope with the standards and documentations that are becoming more and more complex. The effort involved for this task is constantly increasing.

Last but not least (but unfortunately less and less often): As long as no standard forces PRONATEC to do so, no supplier will ever be refused because of the mere fact of a missing quality certification.

6.4 Summary performance at the head office

Subject	Objective	Performance	Status	Out-look
Reducing the negative impact of mobility	The distance travelled by plane per quantity of goods sold does not increase	12km by plane per ton of purchased goods. Will probably increase over the coming years.	😊	😐
	The total greenhouse gas emissions of the vehicle fleet should decrease every year	There have not been any additional vehicles and the distance travelled has decreased for all of them.	😊😊	😊😊
	There are good bicycle parking facilities available in the buildings	Fulfilled	😊😊	😊😊
	The office building is well accessible by public transport	Fulfilled	😊😊	😊😊
	The proportion of non-electric bicycle, foot, and public transport commuters in total commuting traffic increases	See section 5.2.4: on page 21. Some factory staff commuting from Germany need to commute by car. Therefore, the figure has worsened a bit over the last two years. This gives new room for improvement. In 2023, 26% of the commuting distance was travelled by foot, bike or public transport.	😐	😊
Buildings and energy	Head office is using 100 % solar energy	Still fulfilled for the offices in Winterthur	😊😊	😊😊
	No air conditioning or electric heaters are used in the offices	Fully fulfilled for air conditioning. Frequent breakdowns of the central heating in winter, however, required additional heaters in some offices.	😊	😊
	All devices either have an automatic shutdown mode or are equipped with a power strip and are disconnected when not in use	Mostly fulfilled for infrastructure, room for improvement regarding the habits of the users.	😐	😊
	All newly procured electrical appliances have high energy efficiency	Fulfilled	😊	😊
	Durable electrical appliances are purchased and used as long as possible	PRONATEC was hard to beat in this point so far. Technical innovations such as cloud computing, the evolution of operating systems and cyber security, however, do no longer allow to maintain the highest standard to this extent.	😊😊	😊
	Climate protection contribution towards high-quality climate protection projects for remaining CO ₂	Fulfilled through "myclimate" impact label	😊😊	

Subject	Objective	Performance	Status	Out-look
	emissions of headquarters and Eggingen warehouse			
	100% glass, PET, paper, cardboard, and compost are recycled or composted	Fulfilled, but not monitored	😊😊	😊😊
	The number of printed pages decreases, and all paper comes from recycled sources	The number of printed pages has come down from 4'150 per person and per year to 1'910 per person and year. This is the result of ongoing digitalisation.	😊	😊😊
Catering and beverages	Coffee, tea, milk, cream, sugar and chocolate of the office's coffee corner are organically certified and, if possible, fair trade certified	Fulfilled Roughly 120kg of coffee were consumed in 2023.	😊😊	😊😊
	No mineral water is provided, but a soda machine is available	Fulfilled	😊😊	😊😊
Working conditions	Progressive working environment Annual working time Family-friendly working conditions Possibility of prolongation of paternity or maternity leave	Fulfilled Improvement since last report: Rules have been officialised and updated. See section 6.1 on page 22.	😊😊	😊😊
Education	Participating in apprenticeship programs	There are 3 official apprenticeship positions for a degree as commercial employee	😊😊	😊😊
Finances	Salaries are linked to a pension fund with a very high sustainability standard.	Fulfilled through Nest	😊😊	😊😊
	Wherever possible, financial services are used from sustainable services providers.	Fulfilled. As in last report - transactions, hedging etc. are only offered by big international providers.	😊	😊
Software and IT	Foster software solutions that do not belong to the usual global software players.	Fulfilled. In addition to last report, a Swiss-made time management software has been added.	😊	😊
Quality management	No exclusion of providers for the mere reason of missing quality certification.	See section above.	😊	😊

7. External communication and public discourse

The most radical improvements regarding our sustainability goals and objectives have been made in the area of public relations. By opening our own factory for cocoa processing, PRONATEC reached a new level of public attention. Because of the indirect business-to-business character of its activities, PRONATEC had been hardly visible in public and the people in the marketing department were predominantly busy organising the company's participation at international trade fairs. Now, there is a small marketing team implementing various activities, such as a new homepage, newsletters, trade fair participations and webinars.

The growth of PRONATEC has allowed for a higher degree of specialisation in all domains. This also allows a more active communication, an active participation in associations' activities, lobbying and participation in research projects. These developments will increase over the coming years.

PRONATEC has been a member of the **Swiss Platform for Sustainable Cocoa (SWISSCO)** since its founding in 2018. SWISSCO's goals fully align with our vision regarding ethical sourcing and working towards a more sustainably cocoa industry. We join partners from the industry to pursue common goals such as 1) working towards a living income for farmers, 2) end deforestation in sourcing areas, and 3) end all forms of child labour in sourcing areas.

The French non-profit association **Biopartenaire** was founded about twenty years ago by pioneers of the French organic sector. PRONATEC has been a member for over ten years, along with other producers, importers, processors and the professional association of French organic shops. The core concerns of Biopartenaire include socially and environmentally compatible food production with fair wages and cooperation with farmers on an equal footing. One of the label's strengths is the direct link between consumers and producers.



Furthermore, PRONATEC is member of IG Bio (for Switzerland) and OPTA (for Europe), both organisations representing processing and trade companies of the organic sector.

Subject	Objective	Performance	Status	Out-look
Membership in associations	PRONATEC is an active member of several associations which are fostering sustainable development	No additional association in the last 4 years but a much more active role in their work.	😊	😊
Direct political commitment and involvement	Participate in public discourse about running political processes and current controversial issues.	Mostly through press, LinkedIn and newsletter	😊	😊
	Participate in public political consultation processes	Over the last three years active indirectly as a member of Swiss Platform for Sustainable Socoa (SWISSCO), IG Bio Schweiz and Reservesuisse.	😊	😊
Participation in public events and active participation in lectures and courses	Participation in public events and in lectures and courses, where insights with field experience in PRONATEC's working environment is helpful	On average, PRONATEC staff participates at around half a dozen public events, presentations or lectures.	😊	😊
Participation in scientific studies	Participate in research projects on organic agriculture, life cycle assessment, price transparency, ecotoxicity, analytics, economics or other field related to PRONATEC's work.	Over the last three years, PRONATEC was a case study for research done by FiBL (Research institute for organic agriculture), ZHAW (Zurich University of Applied Sciences) and the University of Lausanne.	😊	😊

8. Outlook

Sustainability is a continuous improvement process. We will continue to elaborate on our goals while finding innovative ways to implement the findings of the materiality analysis. Our focus will remain on supplying our customers with healthy, sustainably produced food ingredients according to highest sustainability standards. Our team will pursue the fulfilment of our customers' needs with great enthusiasm and a spirit of innovation.

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