NOVEMBER 2025

Exemption Clause for Sourcing Non-Certified and/or non-verified Materials During Major Market Crises

In the event of a significant market disruption affecting the availability of certified cocoa, egg, or palm materials, the following exception shall apply:
Due to unforeseen and substantial disruptions in the supply chains for certified cocoa, palm materials and cage-free egg, we recognize the necessity to temporarily source non-certified/non-verified/non-cage free materials to maintain production continuity. This exception is contingent upon the following conditions:

1. **Documentation and Justification:** Detailed records must be maintained to document the nature and extent of the disruption, including evidence of efforts made to source certified materials.
2. **Duration:** The use of non-certified materials is permitted only for the duration of the crisis and must be reviewed on a monthly basis to assess the feasibility of returning to certified sources.
3. **Quality and Compliance:** Non-certified materials must meet all other quality and safety standards as stipulated in our procurement policies.
4. **Communication:** Stakeholders, including customers, must be informed of the temporary change in sourcing practices and the steps being taken to return to certified materials as soon as possible.

Mitigation Plan: A clear plan must be in place to mitigate the impact of the crisis and expedite the return to sourcing certified materials and adjusting procurement strategies.

A **market crisis** in the context of cocoa, palm and egg markets is defined by several key factors:

1. **Severe Supply Disruptions:** Significant reductions in the availability of certified materials due to natural disasters, extreme weather events, or widespread crop and animal diseases. *For example, climate-related disruptions and plant diseases have severely impacted cocoa production in West Africa.*
2. **Economic Instability:** Major economic or political instability in key producing regions that disrupts the supply chain. *This could include political unrest, changes in export regulations, or economic sanctions.*
3. **Political Factors**: Trade barriers, tariffs, regulatory changes, geopolitical tensions, currency fluctuations, and labor disruptions can significantly impact the availability, pricing, and reliability of certified raw materials.
4. **Price Volatility:** Unprecedented spikes in the prices of raw materials, making it economically unfeasible to source certified materials. For instance, cocoa prices have surged due to a combination of climate-related disruptions and economic instability.
5. **Global Demand Shifts:** Sudden and significant changes in global demand that outpace the supply of certified materials, leading to shortages.

The examples of potential disruption factors listed here is not an exhaustive list and new unforeseen events could also cause significant temporary or permanent supply chain disruptions.