January 6th, 2023

Equal Exchange General Statement on Heavy Metals in Chocolate

The matter of heavy metals in chocolate has been a topic for years and since Equal Exchange first learned about this complex issue we have worked with our partners to best navigate this in a way that ensures we sell safe products to our customers and continue to be true to supporting our farmer partners. We continue to be confident that our chocolate products are safe.

E EQUAL EXCHANGE

Testing: We work with our manufacturing partners in an ongoing way to have test data and information on cadmium and lead so that we can ensure our products are safe. In 2018, Equal Exchange took the step of opting into a Consent Judgement for heavy metals in chocolate products sold in California. As part of this settlement, we work diligently to be in compliance with the agreement and we can confidently state that our chocolate products are below these chocolate specific levels (the CA Consent Judgement levels can be found at the end of this statement).

Why do we believe our chocolate products are safe? Unfortunately, the FDA and CDC offer little in the way of guidance for maximum cadmium or lead levels in food for the general US population. As you may be aware, Consumer Reports recently tested chocolate products using the general California Proposition 65 Maximum Allowable Dose Levels (MADLs), which is a limit for all products and is not specific to chocolate. According to the California Office of Environmental Health Hazard and Assessment the MADL is set by using scientific data to determine the level of heavy metal where there would be "no observable effect" when eaten at 1 serving per day and then this level, where there is no observable effect, is divided by 1,000. In other words, the California MADL is 1,000 times below the amount that has been deemed to have no observable effect. In 2018, a California Consent Judgement set more reasonable levels for cadmium and lead specifically for chocolate, which superseded the general Proposition 65 MADLs. Equal Exchange signed onto this 2018 Consent Judgement and the levels set in this agreement are similar to international standards, which Equal Exchange had been using as a reference due to the lack of federal guidance in the US. As part of this settlement, we work diligently to be in compliance with the agreement and we can confidently state that our chocolate products are below these California levels for chocolate products. Our chocolate bars are also below cadmium levels set specifically for chocolate products by the European Union and the World Health Organization. Based on the fact that all of our chocolate bars test below levels set specifically for chocolate products by the state of California, The European Union and the World Health Organization, we are confident our products are safe.

What this issue means for farmers: We want people to have a wider understanding of this issue and what it means for small-scale farmers. Cadmium is a naturally occurring element. Research shows that when found in chocolate, this element is often naturally taken up through the soil by cacao trees. This is not unique to chocolate. Heavy metals are naturally occurring in our world and found in many other foods such as grains, potatoes, rice, leafy greens, tomatoes, cereals and more. Cadmium is often more prevalent in soil in Latin America, which is where we source most of our cacao beans, due in part to the



50 United Drive W. Bridgewater, MA 02379 T 774.776.7400 equalexchange.coop



volcanic nature of the soil. This means that these trace levels end up in cacao beans and chocolate through no fault of the farmer. Equal Exchange's mission is to change the terms of trade for small-scale farmers who are so often the people in the supply chain that face the most risks, the most barriers and have the least access to support. The current "best" solution we have heard proposed by researchers of this issue is for buyers to source from locations where there is less cadmium in the soil. This would be a devastating solution for small-scale farmers and their families, who live in communities where cacao is often the best path to a viable livelihood. We will not abandon our partners but rather believe there need to be better long-term solutions that are implemented in a way where farmers are not once again the ones who bear the largest consequences. Our other concern is that this will drive more purchases away from Latin America and into Africa, further exacerbating the dominant model perpetuated by the conventional chocolate industry, which is based on poverty wages, child labor and environmental destruction stemming from deforestation and pesticide use.

E EQUAL EXCHANGE

Equal Exchange will continue to engage in this issue in a way that meets the needs of our customers and our farmer partners. We hope this information gives you the confidence you seek in our chocolate products but respect whatever purchasing decisions you choose to make.

% Cacao	Lead	Cadmium
Up to 65%	0.100	0.400
65% to 95%	0.150	0.450
> 95%	0.225	0.960





Equal Exchange Responses to NCG Questions

1. What practices does your brand currently employ to ensure that your products are safe and free of harmful heavy metals? We work with our manufacturing partners in an ongoing way to have test data and information on cadmium and lead so that we can ensure our chocolate products are safe. In 2018, Equal Exchange took the step of opting into a California Consent Judgment, which superseded the general Proposition 65 MADLs to set specific levels for cadmium and lead in chocolate products sold in California. The levels set in this agreement for cadmium and lead are similar to international standards, which Equal Exchange had been using as a reference due to the lack of federal guidance in the US. We work diligently to be in compliance with this California settlement and we can confidently state that our chocolate products are below the cadmium and lead levels set by this settlement. Our chocolate bars are also below cadmium levels set by the European Union and the World Health Organization.

E EQUAL EXCHANGE

- 2. Do you all test finished products for heavy metals? Since we first learned about this issue, Equal Exchange has worked with our suppliers and partners to understand the issue and make sure our products are safe. This work has included years of ongoing testing at 3 levels (bean testing, semi-finished testing, finished product testing). This data allowed our manufacturing partners and Equal Exchange to understand risk levels and set processes in place to sell safe products and to always be under the California settlement levels. Testing at all 3 levels continues on an annual basis to make sure our chocolate products are safe and we have high confidence our chocolate bars will continue to be under the levels set by the California Consent Judgement.
- 3. What practices does your brand employ in your sourcing to ensure that your suppliers are testing for the presence of harmful heavy metals? We have worked closely with our suppliers to make sure they have adequate testing and production procedures in place to address this issue and this is verified through testing.
- 4. Does your brand currently offer any products that have reliably and consistently tested below California's Maximum Allowable Dose Levels for these metals? If so, which products? No. According to the California Office of Environmental Health Hazard and Assessment the general Proposition 65 MADLs are set by using scientific data to determine the level of heavy metal where there would be "no observable effect" when eaten at 1 serving per day and then this level, where there is no observable effect, is divided by 1,000. The MADL is so low that most dark chocolates made with organic cacao sourced from Latin America cannot be below these levels. We can however say that all of our chocolate products are below the levels set specifically for chocolate products by the California 2018 Consent Judgement, which legally superseded the general Proposition 65 MADLs. Based on the fact that all of our chocolate bars test below levels set specifically for chocolate



50 United Drive W. Bridgewater, MA 02379 T 774.776.7400 equalexchange.coop



products by the state of California, The European Union and the World Health Organization, we are confident our products are safe.

E EQUAL EXCHANGE

- 5. What changes in sourcing/testing are underway or planned as a result of Consumer Reports' research? We have been working on this issue for many years and will continue to do so in a way that keeps consumers safe and supports small-scale farmers.
- 6. Solving the heavy metal contamination issue is an industry wide issue. Is your brand working with any industry groups/brand coalitions to solve this challenge? We signed onto the 2018 California Consent Judgement for heavy metals in chocolates, which included funding from each brand to support research by four experts. The research, which can be found <u>here</u>, was recently released and there is still work to be done to determine how to continue to effectively and fairly mitigate this issue based on the findings. Beyond this agreement, we are supporting research in Peru around farm mitigation strategies. In the case of cadmium, fair solutions for small-scale farmers will take years to implement and require large-scale capacity building and financial support.



T 774.776.7400 equalexchange.coop

