

TRANSPARENCE CACAO

Overview of 2022 results

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Introduction

This overview provides an update on the developments in the Transparence Cacao program in 2022. It shows improvements on a diversity of topics and the outlook for the coming years.

The Transparence Cacao program is offering three levels of commitment to suit our customers' needs:

1. **RÉFÉRENCE:** Produced by traditional cultivation methods and backed by the Référence charter, a responsible purchasing charter applicable to all our cocoa which guarantees a standard quality base and traceability.
2. **PRÉFÉRENCE:** Made from beans carefully sorted and selected at source by farmers trained in good agricultural practices, guaranteeing traceability, segregation to cooperatives and the payment of a premium.
3. **EXCELLENCE:** In addition to the Préférence commitment, this fully expresses its aromatic flavour potential thanks to a fermentation and drying process which is carefully controlled through the creation of fermentation centres, guaranteeing first-class aromatic quality and traceability to the farmer. This traceability is made possible by selecting beans out in the field, supervising quality throughout the production chain, and testing.

1. Traceability & Transparency

The traceability status for all our cocoa beans purchases, covering 5 origins, Ivory Coast, Ecuador, Peru, Dominican Republic and Sao Tome:

- 100% of Transparence Cacao beans are traceable back to the cooperative.
- 34% of Transparence Cacao beans are traceable to the farmer.
- 99% of our plots are mapped by polygon GPS.

We are pursuing the goal of 100% traceability to plots for all cocoa beans, butter and other half fabricates by the end of 2024.

In 2022 we have completed 100% **GPS Polygon mapping** for all farms in our supply chain in the Ivory Coast. We will continue mapping in 2023 as new farmers are joining the program and in cases that farmers change their farm location or size. In Ecuador, Peru, Dominican Republic and Sao tome, in total 94% of the farms are GPS mapped out of which 72% of the polygons have been completed and the remaining work is on-going.

On annual basis we publicly publish the list of all cocoa bean suppliers from which we are sourcing. This list can be found [here](#).



2. Quality of life of the producers

In the Ivory Coast, the Maison du Planteur plays an important role in our roadmap towards improving the farmers quality of life. Maison du Planteur is the concept of Transparence Cacao whereby the 8 fermentation centres are transformed into vibrant farmers centres where training takes place as well as a diversity of social and economic activities.

2.1 Living Income

In our vision Living income is a basic human right. This is for us the main principle and for this reason, we are committed **to enable all cocoa farmers in our Transparence Cacao program to earn a living income latest by 2030**. We have developed a time-bound action plan which we will continuously further develop based on relevant developments and new insights. Since the start of the program in 2015, several initiatives have been put in place in order to enable farmers to distribute their income over the year, hereby reducing the vulnerability in the lean months. This can be summarized in the categories income increase, diversification and distribution.

- **Purchasing practices**

Our time-bound living income action plan includes purchasing practices that explicitly address the possibilities to increase the producer/farm gate price. We do this by paying the Ivorian farmers a premium for Préférence and Excellence level that increases the amount received by 8 to 20% compared to the government defined farm gate.

In our other 4 origins (Ecuador, Peru, Sao Tome and Dominican Republic), the cocoa markets are liberalized and all cocoa is purchased as organic. For these origins the local market prices are taken as reference and a price is offered to the farmers that is fluctuating between 15 and 40% above average conventional prices, depending on the region and stock exchange fluctuations.

As part of the Transparence Cacao program, we seek to engage in long-term contracts with suppliers. Therefore, contracts are signed with the cooperatives with a duration of 3 years, whereby on annual basis the volumes are being agreed by both parties.

- **Yield improvements**

The coaching in good agricultural practices, the use of agroforestry and the management of inputs allow Transparence Cacao's farmers to grow more cocoa on less land. In 2022, a study from the Conseil du Café-Cacao (CCC) shows an increase in yield up to 40% for the 15 cooperatives surveyed (2015 baseline).

- **Income Diversification**

We developed income generating activities for farmers such as food crop production or as compost creation, which can be used on the farmers own farm as well as sold to other farmers.

Transparence Cacao's team also promotes agroforestry through training and trees distribution. In 2022, 18% of our farmers are applying agroforestry. One of the benefits of agroforestry is that it increases and diversifies the income through the additional crops planted, which provide income throughout the year. Further about agroforestry described under the Environmental chapter 3.2.

- **Access to financial & health services**

Supporting farmers to have a bank account enables them to save their money and have access to financial (mobile) services. Together with training in financial management this strengthens their capacity to



distribute their income over the year in order to meet their needs. In 2022 a total of 2,912 farmers has been supported with access to a bank account.

In Peru and Ecuador, we established mechanisms of "social safety nets" for farmers and their family in case of health problems. In Sao Tomé, we coordinate with our partner Cooperatives a program to cover costs of health expenditures for farmers, and we contribute to support programs promoting education.

In Côte d'Ivoire, since 2 years, our "Caravane Santé" tours Maison du planteur to provide access to screening and care not only to our cocoa producers but also the local communities ([For more information, watch our video](#) - in French).

- **Household Income Measurement**

Considering the executed and on-going research by several organisations on this topic, we have so far mainly made use of available information in the industry. For example, through the platform '[Living Income Community of Practice](#)'.

In 2022 a technical partner has been contracted to execute a research and household income survey among 2 cooperatives in our supply chain. This will start in January 2023 and we intend to publicly report on lessons learned.

- Methodology: Anker methodology approved by The Living Income Community.
- Sample: 200 farmers (100 per coop) involved in our sustainability project
- Control: 100 farmers (50 per coop) not involved in any sustainability project.

In addition, in 2022 a project to prevent and address child labor has been approved for implementation in 2023. As part of this project, a household income survey will be executed in 2023 among 4 cooperatives. More info will be published online.

2.2 Child Labour

The **basis** for our child labour interventions is the Transparence Cacao program. Every cooperative that supplies cocoa has signed the Transparence Cacao commitments, which among other topics include commitments related to child labour and forced labour. This is being verified during internal audits.

It is important to stress that the risk of child labour varies among the cocoa origins, our focus is hereby on the Ivory Coast where the risk is highest.

An important concept of Transparence Cacao is Maison du Planteur which refers to the 8 fermentation centres in Ivory Coast which are transformed into vibrant farmers centres where training takes place as well as a diversity of social and economic activities. Prevention, monitoring and remediation of child labour is an important topic in the Maison du Planteur. Every Maison du Planteur has a dedicated CSR committee that assesses the situation and main risks and draws up an action plan accordingly.

- **Fight against poverty**

As poverty is one of the **root causes** of child labor, we will focus in our approach on working towards our goal to ensure that all cocoa farmers that supply beans to us will be enabled to earn a living income in 2030 as described in the previous paragraph.

- **Sensitisation and Prevention**



The first phase in our approach is **sensitization** of the coops, farmers and population around fermentation centres and **prevention** of child labor. Since 2021, more than 2,500 farmers have been sensitized on that topic.

- **Access to education**

One of the main principles is that children belong in school and therefore **access to education** is a topic on which we have been working for several years.

Here we highlight one example of the importance of birth certificates. In Diangobo, one of the Maison du Planteur, it was identified that 75% of the school going children can't have their primary school diploma and continue their education because they don't have birth certificate. Maison du Planteur coordinates and funds the project of registration of the 476 children concerned (150 reached in year 2022). This is financed by Transparence Cacao.

As part of the project, the parents in the community are also supported and further sensitized of the importance of birth certificates; to avoid that this will continue to be a challenge in the future. The Maison du Planteur also discuss with local authorities to find mechanism to facilitate the process of birth certificates in the delays for new babies.

CEMOI has since 2018 been a partner of the TRECC (Transforming education in Cocoa Communities) program, which has benefitted over 200,000 children and young people from educational measures, trained over 4,400 educators and trained over 93,000 parents and caregivers in good parenting practices. The TRECC report can be found [here](#). Specifically, CEMOI worked from the beginning of the implementation of the program PEC (Teaching at the right level) which is a remediation program of the level of French and Maths for primary school students. The success of this project has earned it a scale-up piloted by the national Ministry of Education itself. The techniques taught for the PEC are now included in the basic training of Ivorian teachers.

In our Maisons du Planteur we implemented activities of educational support for children in primary schools. Teachers give access to extra-curricular courses to improve their competencies, twice a week. In year 2022, this support helped schools to improve their annual.

This courses continued during summer to prepare children for the next school year.

- **Monitoring and remediation**

In 2020, a specific Child Labour prevention plan has been developed in Ivory Coast: "Plan de Prévention et de Lutte contre le Travail des enfants" (PPLTE).

In 2022 a project to prevent, address and remediate child labor has been approved for implementation in 2023. The project will be implemented in two phases, whereby during the first phase we research the occurrence and causes of child labour among four cooperatives. This local impact assessment will give in-depth insights into the current situation and serve as a starting point for a second project to design and carry out effective downsizing measures of child labour within the supply chain for 3 years. Our approach is based on strengthening the collaboration with relevant public and private stakeholders in order to increase our impact together. Hereby we have a bottom-up approach whereby our focus is on understanding and listening to the farmers and cooperatives involved. Being aware that poverty is one of



the root causes for child labour, the topic household income and income surveys will be an important element of this project.

The objective is to get a better insight in the occurrence of child labour in our supply chain and strengthen existing and implement new child monitoring remediation systems. The ultimate goal is to play our role in ensuring that the cocoa supply chain will become truly sustainable, without the occurrence of child labour, for all actors in the supply chain, most importantly the cocoa farmers. More information will follow as it is a recently approved project and will be published [here](#).

Aside of the above interventions, **we stress the importance of resolving the child labor in collaboration with relevant stakeholders** in both the country of origins and the cocoa industry. This is one of the reasons that CEMOI is a member of the International Cocoa Initiative (ICI). As [member](#) we have reported in 2022 for the annual reporting. The results are aggregated for the members and the report is publicly available [here](#).
<https://www.cocoainitiative.org/about-us/our-membershttps://www.cocoainitiative.org/knowledge-hub/resources/ici-annual-report-2021>

2.3 Women empowerment

The first beneficiaries from our Income Generating Activities (IGA) are mainly women (87 %).

With our cooperative partners, we developed 15 VSLA (Village Savings and Loans Associations) which are active in 2022 and so give access to saving and small loans to 450 members, including 380 women. Through VSLA and Income Generating Activities, we also provide a support by sensitizing the household on women's empowerment and their access to finance.

Through Maison du Planteur, in 2022, we supported 4 groups of women in different IGA:

- In Niafouta and Kokolie, 40 women have been trained and coached on simplified financial management, creation and development of an income-generating activity. A coach has been assigned to the project to help the women put the lessons learned into practice in their activities. Maison du Planteur has also contributed through financial support to women (150 euro/woman) to improve their activity.
- Cemoi supported women members from the cooperative ECOAS on the Maison du Planteur of Bereby, which have 60% of women as members, for additional food crop production. A group of ten (10) women received a training and started a plot of eggplant. One year after, they were able to record a good production and aim to extend their plot.
- In Diangobo, the Maison du Planteur committee decided to empower 50 women by training and supporting them in growing additional food crop farms which they can use for their families and sell at the market. This activity is planned to be extend to more than 150 women within the 3 next years.



3. Environmental quality

3.1 Fight against deforestation

Our Deforestation Commitment

In 2022, we shared our progress in our fight against deforestation through a [press release](#). Different methods are used to trace our cocoa and verified is compliance with our commitments:

- GPS Polygon mapping (around 99%) and a verification is on-going with consulting firms and technical partners;
- Part of our sourcing is certified by Rainforest Alliance (around 14%);
- Part of our sourcing (4 cooperatives) through satellite technology using a cut off date of 2018.

Cemoui has been one of the initiators and earliest members of the in 2017 established Cocoa and Forest Initiative (CFI). In 2022 we have publicly reported about progress in 2021, of which you can find the report [here](#). Soon the 2022 CFI report will be published online and can then be found [here](#).

Grievance mechanism on Environmental issues

The requirements with regard to the environmental aspects are set out through our Transparence Cacao standard, with a view to minimising the negative impact and maximising the positive impact on the environment, in which the following issues are a priority:

- Avoiding deforestation ;
- Avoiding contamination of surface and ground water ;
- Using agrochemicals in a responsible manner ;
- Preserving the habitat of plant and animal species ;
- Protecting wildlife and maintaining a diverse ecosystem, for example by mixing crops in cocoa plantations ;
- Ensuring proper waste management on the farms ;
- Saving water and avoiding water wastage.

Any partner that wishes to raise concerns, questions or ask advice on our impact on environmental can email communication@cemoui.fr.

3.2 Agroforestry

It is our **objective** to achieve 30% in Ivory Coast by 2025 and 100% agroforestry by 2030. Currently 18% of the cocoa is grown in an agroforestry setting. We define agroforestry through the following KPIs:

- 30% native vegetation coverage
- Minimum 25 shade trees per hectare
- Minimum 5 species per hectare



The actions related to agroforestry go back several years of which an overview here:

CÉMOI developed its **agroforestry manual** in 2018, which describes the agroforestry models that are disseminated under Transparence Cacao Programme. Based on this manual, over **150 demonstration plots** of one hectare were set up, together with cooperatives and with the support of ECOTIERRA and ICRAF. Moreover, 84 nurserymen were trained by ICRAF to produce quality tree seedlings and 50 nurseries have been established. Since 2019, 1,143,000 seedlings of 27 tree species have been sold by the nurseries. CEMOI collaborates with the cooperatives in the Transparence Cacao programme to promote agroforestry among the members. In 35 cooperatives, field officers have been trained by ICRAF and ECOTIERRA, and they are responsible for the training of farmers in agroforestry practices.

To make farmers more aware of the benefits of agroforestry and to promote its adoption, CEMOI organizes regular sensitization campaigns. In 2021, leaders of 58 cooperatives were reached through sensitization of CEMOI, in collaboration with SODEFOR and the Ministry of Water and Forest. The sensitization included a focus on deforestation, tree ownership, climate change and the new forest code. In 2022, a further 3,500 farmers took part in sensitization in collaboration with AGROMAP, including a visit to cocoa agroforestry farms established many years ago by SODEFOR.

Considering the other origins:

São Tomé and Príncipe: Virtually all cocoa plantations are conducting under agroforestry arrangement. These Agroforestry System can be quite complex and the challenges lie in the renovation of old cocoa trees and shade management by farmers. With our local partner in São Tomé and Príncipe, CECAB, a cooperative gathering more than 3000 cocoa farmers, we have been implementing since 2010 a large-scale renovation program, with more than 1000 ha of old cocoa plantation under agroforestry renovated over the last decade. More recently, CECAB is collaborating to the implementation of a project of GEF funded program called “Restoration for ecosystem functionality and climate change mitigation in the Republic of São Tomé and Príncipe”, with the installation of 12 nurseries conducted by trained farmers aiming at production and distribution of 18 000 shade trees of 17 different species.

In Peru and Ecuador, we are leading a regional program called “Agro-ecological Regenerative Cocoa”, in collaboration with the Alliance Bioversity CIAT (ABC), an international research from CGIAR Network and World Agroforestry. This program aims at promoting Agroforestry practices to regenerate landscapes, through the restauration of degraded soils and the installation of cocoa under Agroforestry system to re-create ecological corridors between forested areas.

3.3 Climate

Our climate strategy

In 2020, we set a climate strategy that takes into consideration the fight against deforestation, but also several points, to be aligned with a climate trajectory below 2°C (detailed in our previous [CSR report](#)). But we are currently working with a new strategy aligned with Science Based Targets, that will include a neutral commitment. In order to set an ambitious but realistic objective, we are following ACT program, which defines a methodology approved by CDP (Carbon Disclosure Project) and ADME (Agence de la transition écologique).



4. Aromatic & food quality

As part of our Transparence Cacao 'Excellence' program, all these cocoa beans are brought as fresh beans by the farmers to the Fermentation centres for controlled fermenting in fermentation boxes and drying on solar beds. The specific processes enhance the aromatic quality of the cocoa beans. This cocoa is traceable until farmer level.

4.1 Chemical management and pesticides

As part of the Transparence Cacao program, from 4 out of the 5 cocoa origin countries, we source only organic cocoa. These origins are Ecuador, Peru, Dominican Republic and Sao Tome and Principe. We intend to increase our organic sourcing however currently the market for organic chocolate is currently very challenging. We are exploring ways to increase our volumes of organic cocoa.

IVORY COAST:

- CEMOI has a partnership with most suppliers of pesticides in setting up demonstration plots to evaluate the effectiveness of the pesticides used. These plots are used for training purposes for the farmers. For only the organic program this exists out of 8 demonstration plots.
- Considering that a large part of the cocoa is sourced as certified (Rainforest Alliance/ Fairtrade/ Organic), it needs to be taken into consideration that all applicable pesticide requirements are put in place and are monitored as part of the certification process.
- CEMOI strictly works in conformance with EU pesticide regulation 396/2005 and is an active member of several cocoa stakeholder initiatives we follow the developments and contribute to further joined procedures and improvements.
- CEMOI is the first company in IVC which has its own organic farming program and has since 2016 implemented organic certification among several coops. Pilot on organic farming included 285 ha cocoa farm and 150 farmers.
- Coops are taking the initiatives as well themselves to produce organic pesticides from local available ingredients.
- Awareness raising and training of cooperative staff and farmers on safe storing of pesticides, correct use of pesticides, integrated pest management, health and safety, etc.
- Putting in place at every coop a SST (Santé, Sécurité au Travail), which is a health and safety procedure. In 2022 a pilot was conducted with 3 coops by technical partner. All risks to all activities have been identified and actions were put in place to reduce the risk and 3 staff of CEMOI were trained to implement the system in all coops after this pilot phase.
- Provide service of application teams (1 person per coop and 1 team (2-3 persons) per section to do the pesticide application for other farmers and thereby ensure the correct application procedures and reduced pesticide amounts are used.
- Provision of PPE (Personal Protection Equipment) by coops to the farmers.

