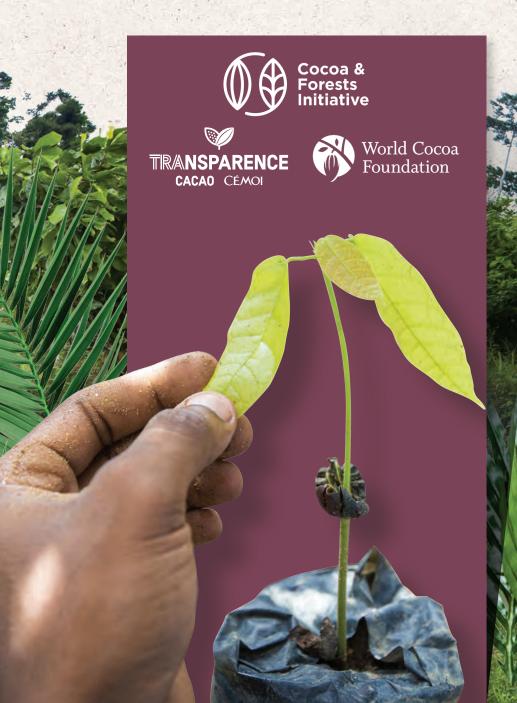


COCOA & FORESTS INNETIATIVES

PROGRESS REPORT 2018-2019





TRANSPARENCE CACAO CÉMOI



Foreword



Having been committed to sustainable development for more than 20 years, we took a new and decisive step in 2015 by launching our own sustainable scheme: TRANSPARENCE CACAO. This programme is Cemoi's commitment to building a sustainable cocoa supply chain from the grower to the consumer. Core building blocks of this programme are traceability, environmental quality, farmers quality of life and aromatic quality. Within this programme, the environmental pillar is based on a clear vision: produce a chocolate that contributes to environmental protection efforts that reduce the risk of deforestation, improve the farmer's income and promote a smart cocoa agriculture. Therefore, being one of the initial signing chocolate companies of Cocoa and Forest Initiative is part of this ambitious sustainable cocoa vision.

Summary

KEY FACTS & FIGURES • P.5 What is the cocoa & forests initiative? . p.6 WHAT ARE THE KEY COMMITMENTS IN THE COCOA & FORESTS INITIATIVE? • P.7

CEMOI'S COCOA & FORESTS INITIATIVE RESULTS IN 2019 • P.8

LOOKING FORWARD TO 2020 AND BEYOND • P.8

Annex 1 > Result stories • p.10 Annex 2 > Tracking table Cemoi 2019 . p.12



Patrick Poirrier PGM CEMOI Group



A message from the World Cocoa Foundation (WCF) President

Dear Cocoa & Forests Initiative friends.

Yao Ahou, a cocoa farmer in Ndenou, Lagunes district, Côte d'Ivoire, told us in no uncertain terms: "There is less rain because we cut down all the big trees. We took down all the big trees that could get the steam up in the air to attract the rain. Really, if we could have more of these big trees there, they can cover the cocoa trees, protect them at least against the sun." Yao has put her convictions into practice, and has planted forest trees on her cocoa farm, including a beautiful acacia, which provides shade, a barrier against some insects, fodder for farm animals, soil restoration, and other benefits.

Yao is one among over a million people who are actively involved in the Cocoa & Forests Initiative: from cocoa farmers, to the governments of Côte d'Ivoire and Ghana, and private sector companies. This collective effort today passes a milestone: we are reporting on our first two years of implementation for Cocoa & Forests Initiative interventions.

What have we achieved since announcing the Cocoa & Forests Initiative Frameworks for Action in November 2017 and the initial company action plans in March 2019?

First, and most importantly, companies have begun fulfilling their Cocoa & Forests Initiative commitments, with a particular focus on increasing traceability in their direct supply chains,

putting in place systems to eliminate deforestation from their cocoa sourcing, rehabilitating and reforesting degraded lands, increasing canopy cover and sustainable production with the promotion of cocoa agroforestry, and community engagement.

Second, we have grown the partnership to 35 companies (from 12 originally) who are signatories of the Cocoa & Forests Initiative. Third, we have strengthened our partnership with the governments of Côte d'Ivoire and Ghana and other key stakeholders. In the past year, governments have delivered on significant commitments in order to catalyze further private sector investment, particularly promulgating new legislation, sharing critical baseline data and maps, adopting social and environmental safeguards, and embracing new forest policies to promote cocoa agroforestry.

As we look at this first year of implementation, we are proud of the Cocoa & Forests Initiative's first steps and are determined to keep our eyes on the prize: end deforestation and restore forest areas. We are not there yet and need to intensify our efforts. In 2020, we will notably accelerate private sector collaboration across cocoa landscapes and, in partnership with governments, put in place effective tools to monitor and eliminate any new deforestation.

For Yao, her children, and her children's children.

Richard Scobey

President, World Cocoa Foundation

KEY FACTS & FIGURES

CEMOI's involvement in CFI is part of our wider Transparence Cacao¹'s environmental pillar to preserve forests and support farmers across the world in adopting agroforestry practices. Besides CEMOI's group Forest policy covers other ingredients purchased by CEMOI in addition to cocoa. CEMOI promotes agroforestry as an efficient tool for smallholders to fight climate change in all countries where CEMOI sources its cocoa beans (Ivory Coast, Dominican Republic, Ecuador, Peru, Sao Tomé). We follow ambitious goals on the cocoa supply chain.



This indicator illustrates the surface area in hectares where good farming practices have been applied (pruning, fertilisation, shade management, etc.) and/or regeneration (replanting, grafting, basal buds, etc.).

100% TRACEABLE, SUSTAINABLE, QUALITY COCOA MASS

TRACEABILITY

Through TRANSPARENCE CACAO, CÉMOI is committed to ensuring traceability of the cocoa from the bean to the chocolate, and from the farmer to the consumer.

1. For further information on CEMOI's sustainable cocoa initiative, see www.transparence-cacao.com







Thanks to the programme, we are helping these communities take action to improve their daily lives - gaining access to drinking water and electricity and sending their children to school. 15 projects funded in 2019 in côte d'Ivoire.

What is the cocoa & forests initiative?

The Governments of Côte d'Ivoire and Ghana and the world's leading cocoa and chocolate companies signed landmark agreements in November 2017 to end deforestation and promote forest restoration and protection in the cocoa supply chain.

This public-private partnership – called the Cocoa & Forests Initiative (CFI) – has been organized by the World Cocoa Foundation (WCF), IDH - the Sustainable Trade Initiative, and The Prince of Wales's International Sustainability Unit (ISU), in partnership with the Governments of Côte d'Ivoire and Ghana. The Prince of Wales launched CFI in March 2017 and reviewed implementation progress in November 2018.

The Frameworks for Action for Côte d'Ivoire and Ghana define core commitments, verifiable actions, and timebound targets required for a deforestation-free and forest-positive supply chain.

The Governments of Côte d'Ivoire and Ghana establish national strategies, policy environments, and governance structures for CFI implementation. They ensure that CFI is linked to similar initiatives with other commodities, and fully aligned with the national REDD+ strategies and other relevant national strategies and plans. They provide key operational guidance, and baseline economic, environmental, and social data, to help companies identify and plan the most effective and efficient private investment activities for CFI.

The Governments have prepared comprehensive National Implementation Plans (Côte d'Ivoire, Ghana) that outline public sector priorities, actions and timelines. Since 2017, both governments have fulfilled commitments on the key building blocks for successful CFI implementation, including important revisions to the legal framework for sustainable forest management, adoption of World Bank environmental and social safeguard standards, and preparation and sharing of up-to-date boundary maps of protected areas.

In March 2019, 34 CFI signatory companies², accounting for about 85% of global cocoa usage, released initial action plans for 2018-2022. These initial plans detail how the private sector will deliver the commitments spelled out in the Frameworks for Action. Each company explained how they will support the Framework objectives, based on their role in the supply chain, their strategic priorities, and their cocoa sustainability goals. WCF published a summary of the initial action plans for the cocoa and chocolate industry (Côte d'Ivoire, Ghana).

On the 2020 International Day of Forests, the Cocoa & Forests Initiative companies and governments of Côte d'Ivoire and Ghana reported on the first year of implementation. Companies published individual reports on progress and outcomes related to the implementation of their specific actions. The following is the aggregate annual report of company actions.

CFI has been supported by several global development partners, including the United Kingdom's Department for International Development, the Dutch Ministry of Foreign Affairs, the German Federal Ministry of Economic Cooperation and Development, the World Bank, the International Finance Corporation, the Global Environment Facility, and the Green Commodities Program of the United Nations Development Program. CFI is coordinated closely with a wide range of global and local environmental organizations and partnerships, including the Tropical Forest Alliance, Amsterdam Declaration Partnership, Partnerships for Forests, the Rainforest Alliance, and World Resources Institute.

The industry is committed to ending deforestation and forest degradation throughout the global supply chain. Already in 2018, we have expanded CFI from West Africa to Latin America, with the signing of a new Framework of Action in Colombia in July 2018.

2. Arysta Callivoire, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa and Chocolate, Cémoi, Chocolats Halba, Cocoanect, Cococo Chocolatiers, ECOM Group, Fazer, Ferrero, General Mills Inc., Godiva Chocolatier Inc., Guittard Chocolate Company, The Hershey Company, Indcresa, Kuapa Kokoo Lindt & Sprüngli Group, Marks & Spencer Food, Mars Wrigley Confectionery, Meiji Co. Ltd., Mondelěz International, Nestlé, Olam Cocoa, PBC Limited, Sainsbury's, SIAT, Sucden, Tesco, Toms Group, Touton, Unilever, Valrhona, and J.H. Whittaker & Sons

WHAT ARE THE KEY COMMITMENTS IN THE COCOA & FORESTS INITIATIVE?

COCOA & FORESTS INITIATIVE ACTIVITIES PROCEED FROM THREE PRIORITIES:

1/ FOREST PROTECTION AND RESTORATION,

2/ SUSTAINABLE PRODUCTION AND FARMERS' LIVELIHOODS,

and sourcing in protected areas.

3/ and COMMUNITY ENGAGEMENT AND SOCIAL INCLUSION.

THE FIRST PRIORITY IS THE PROTECTION AND RESTORATION OF FORESTS THAT HAVE BEEN DEGRADED. To this end, the governments and companies have pledged no further conversion of forest land for cocoa production and have committed to the phased elimination of illegal cocoa production

Both countries are introducing a differentiated approach for improved management of forest reserves, based on the level of degradation of forests. In 2019, the government of Côte d'Ivoire adopted and published a new forest code which,



among other things, put forth policies for the promotion of cocoa agroforestry to restore degraded land, improve forest cover, and promote sustainable livelihoods and agriculture in the classified forests and rural zones. The lvorian government is currently finalizing the operational decrees that provide further guidance on the new forest policies. Both governments have shared maps on forest cover and land-use, and are currently updating the maps, including socio-economic data on cocoa farmers, which will further inform private sector investments.

To ensure effective implementation and monitoring of these commitments, companies have pledged to develop verifiable monitoring systems for traceability from farm to the first purchase point for their own purchases of cocoa, and to work with governments to ensure an effective national framework for traceability encompassing all traders in the supply chain. The companies will similarly share information with the national satellite monitoring platforms (in development) to effectively monitor progress on CFI, as well as proactively address threats of new deforestation.

THE NEXT CRITICAL PRIORITY IS SUSTAINABLE AGRICULTURAL PRODUCTION AND INCREASED FARMER INCOMES. These are essential pre-requisites for reducing pressure for agricultural encroachment into forests and strengthening the resilience of cocoa farmers to climate change.

The governments and companies are accelerating investment in long-term productivity of cocoa in order to grow "more cocoa on less land." Key actions include provision of improved planting materials, training in good agricultural practices, soil fertility, land tenure reform, and capacity building of farmers' organizations. Sustainable livelihoods and income diversification for cocoa farmers are being accelerated through food crop diversification, agricultural inter-cropping, and development of mixed agroforestry systems and shade-grown cocoa.

THE FINAL AREA OF FOCUS IS STRONG COMMUNITY ENGAGEMENT AND SOCIAL INCLUSION, WITH A PARTICULAR FOCUS ON WOMEN AND YOUTH. The governments and companies have committed to full and effective consultation and

participation of cocoa farmers in the design and implementation of key actions, and promotion of community-based management models for forest protection and restoration. The governments have adopted social and environmental safeguards are assessing and mitigating the social impacts and risks of any proposed land-use changes on affected communities.

The set of public-private actions represent unprecedented commitments on forest protection and restoration, and sustainable cocoa production and farmer livelihoods. These combined actions, which are aligned with the Paris Climate Agreement, will play a crucial role in sequestering carbon stocks and thereby addressing global and local climate change.

CEMOI'S COCOA & FORESTS INITIATIVE RESULTS IN 2019

Our work is focusing on our main supply chain in Côte d'Ivoire: 18,000 producers and 29 cooperatives involved in CEMOI's Transparence Cacao program. In 2019 significant results have been record:

1/ FOREST PROTECTION AND RESTORATION

- 100% farms mapped within our Transparence Cacao network
- A deforestation risk assessment of our direct sourcing network
- Halt sourcing activities from farms identified within Forest Reserve areas
- Awareness-raising campaigns for 6,477 farmers to educate them on the new Forest Code
- Distribution of 26,667 multipurpose trees for farm restoration
- Distribution of 15,000 native trees planted off-farm

2/ SUSTAINABLE PRODUCTION AND FARMERS' LIVELIHOOD

- Training on Good Agriculture Practices (GAPs) for 6,477 farmers bringing a total 2017-2019 to 22,384 farmers trained
- Establishment of 84 community-based nurseries
- 1573 farmers in supply chain with a savings account as promotion of farmers' financial inclusion
- Promotion of farm diversification to 6,477 farmers

3/ COMMUNITY ENGAGEMENT AND SOCIAL INCLUSION

- 70 consultations in communities
- 17 cocoa communities with active forest restoration and protection program
- A Family farm School in south-west of Côte d'Ivoire with IECD partnership
- 4 cocoa communities with youth-focused programs





LOOKING FORWARD TO 2020 AND BEYOND

Since 2018, signatory companies have been working to fulfill their commitments to end deforestation and restore degraded forests in the cocoa sector. In 2019, the governments of Côte d'Ivoire and Ghana delivered on numerous commitments which have informed company planning. Companies will now be able to further develop their activities, moving from planning to implementation. As the governments continue to provide critical information (e.g. socio-economic assessments, updated land-use maps, operational decrees for implementation of the new forest code), companies will continue to ramp up their delivery of CFI activities in alignment with government priorities. This will include identifying opportunities for landscape level collective action, as well as building partnerships with global development partners to drive forest positive impact on the ground.

By the end of 2020, CEMOI will undertake a couple of actions:

- Make 100% of our cocoa sourcing traceable to the farm and cooperative to ensure that our cocoa is not being sourced from forest lands, National Parks and Reserves, and Classified Forests and that no further forest land is converted for cocoa production
- Finalize the farm mapping of our cocoa network we source from to identify and collect cocoa farm boundaries.

By the end of 2022 we will:

- Carry out deforestation risk assessments in all direct sourcing areas (90 000 ha)
- Implement traceability systems to the farm level in our direct supply chain up to 50%
- Support cocoa farm rehabilitation
- Train 18 000 farmers of our Transparence Cacao network in Good Agricultural Practices and agroforestry practices
- Distribute 100 000 multi-purpose trees for on-farm planting



Annex 1 > Result stories





Above: Agroforestry demonstration plot in Niafouta – Côte d'Ivoire Word Agroforestry ICRAF partner of this programme / Dr. Alexis Assiri, head of CÉMOI's Agronomy Programme in a coaching session in a nursery in south Bandama area – Côte d'Ivoire



PUBLICATION OF A COCOA-BASED AGROFORESTRY HANDBOOK BY OUR TEAMS IN CÔTE D'IVOIRE.

This agroforestry handbook, which was co-produced by our teams of experts. It is the result of successful collaboration between several organisations, including Ecotierra, the Conseil du Café et du Cacao (Coffee and Cocoa Council) of Côte d'Ivoire, the World Agroforestry Centre (ICRAF) and the National Centre of Agronomic Research (CNRA).



KOUASSI KOFFI HUBERSON, age 23. Having previously attended the Family Farm School in Gnity Touadji, which is supported by CÉMOI, today he studies at IFERA in Yamoussoukro, where he is in the first year of a certificate of professional aptitude (CAP) course in farming.

Before the FFS, I attended a general school, but my dad stopped funding my schooling because of a lack of money. I became a hairdresser and that's how I got by, I didn't really know what to do with my life after I stopped studying. When the Gnity Touadji FFS (Family Farm School) was created with the help of the chocolatier CÉMOI, it was first of all my brother-in-law who was curious and talk to me about the project. At the FFS, I learned technical and practical farming methods, including what to do in difficult climatic periods. We have created demonstration plots to make the growers aware of the importance of the choice of tree species and introducing them into the cocoa plantations.

head of CÉMOI's Agronomy Programme





CAPACITY-BUILDING FOR OUR 29 COOPERATIVES NETWORK

To help build the capacity of the farm cooperatives and make them more autonomous, we have divided them into three "leagues" according to their maturity.

The programme is aimed at teaching the cooperatives technical, logistic and commercial skills to be able to assume their role of service provider.









1 - - Y

Annex 2 > Tracking table Cemoi 2019

Commitment	Actions	Indicator	2022 Target	# through direct investment in 2019
FOF	REST PROTECTION AN	D RESTORATION		
1 , No further conversion of any forest land (as defined under national regulations, and using HCS and HCV methodologies) for cocoa production	1.1 • Conduct farm mapping within direct supply chain to identify and collect cocoa farm boundaries to ensure cocoa is not being sourced from forest lands, National Parks and Reserves, and Classified Forests	# farms mapped	90 000 ha	13 984 farms / 32 164 ha
	1.2 • Conduct deforestation risk assessments in all direct sourcing areas	# ha included in deforestation risk assessment	90 000 ha	32 164 ha
2. Elimination of cocoa production and sourcing in National Parks and Reserves in line with promulgation and enforcement of national forest policy and development of alternative livelihoods for affected farmers	Adopt and publish a system for excluding farmers in the direct supply chain with cocoa production in protected areas	Yes/No	-	Yes
3 , No sourcing of cocoa from National Parks and Reserves through companies' traceable direct sourcing programs	Implement traceability tools/ technology to ensure no cocoa purchases originate from National Parks or Reserves (all forest areas)	% of direct sourced cocoa is traceable to farm-level		32%
4 . A differentiated approach based on the level of degradation	Support the restoration of Classified Forests by working with cocoa farmers, the government and the forestry industry to implement contracts for mixed agroforestry as a restoration and livelihoods intervention	# farmer 'agroforestry restoration' contracts signed	6000	812
of forests for classified Forests will be developed and translated into a national forest restoration strategy		# hectares restored in Classified Forests	_	-
5 , Legal protection and management status for the remaining forests of Côte d'Ivoire in the Rural Domain	Cooperate with the government on enforcement to prevent deforestation in the legally protected forest estate (rural domain)	# hectares of forest in rural domain protected	_	_
6 , Up-to-date maps on forest cover and land-use for the different forests, and socio-economic data on cocoa farmers developed and publicly disclosed, and detailed operational guidelines prepared	6.1 • Support the government's forthcoming adaptive managements plans for different forest areas to benefit the livelihoods of forest-dependent cocoa communities	Yes/No	-	Yes
	6.2 • Participate in the development a nd operation of land-use and land-use planning at national and regional levels by sharing existing land use maps with government	Yes/No	_	Yes

(12)

FOREST PROTECTION AND RES 7.1 • Promote and participation in awareness-raising campai 14 7. to educate farmers on the n Public enforcement Forest Code of the new Forest Code and its subsequent guidelines, 7.2 • Update farmer engagen and public sector governance materials and training with will be strengthened the revised Forest Code 8. Mobilize finance for fores Public-private collaboration protection and restoration to mobilize resources for forest protection and restoration 9.1 • Support distribution and planting of multi-purpo 9. trees for on-farm restoration Public-private collaboration via agroforestry to identify good practices, technical guidance and incentive mechanisms 9.2 • Support distribution for forest restoration and planting of native tree for off-farm restoration and agro-forestry (reforestation) 10. Government creation, i Support the creation of the n collaboration with all stakeholders, public-private forest conserva of a public-private fund to support and rehabilitation fund financing of protection and restoration of HCV forest areas SUSTAINABLE PRODUCTION A 11.1 • Distribute improved co planting material 11.2 • Establish and/or provid 11. cocoa nurseries with improv Promote investment cocoa planting material in long-term productivity of cocoa in environmentally suitable 11.3 • Train farmers in Goo areas in order to grow Agriculture Practices (GAP "more cocoa on less land" 11.4 • Support cocoa farm rehabiliation 12.1 • Promote farm-level crop diversification 12. Promote sustainable livelihoods and income diversification 12.2 • Support distribution for cocoa farmers and planting of multi-purpo trees for on-farm restoration via agroforestry

(13)

The same

100

1.16

		1 -1 -1			
sto	RATION (CONTIN	NUATION)			
ate aigns new	# farmers reached at awareness events	6 000	6477		
ment th	Yes/No		Yes		
	\$ mobilized towards forest protection and restoration	_	-		
st on	# hectares with forest protection and restoration financing	_	-		
	# farmers participating in PES contracts	_	-		
n ose	# multi-purpose trees distributed for on-farm planting	100 000	26 667		
on	# hectares cocoa agroforestry developed	-	-		
n	# native trees planted off-farm	60 000	15 000		
es	# ha of forest area restored	57 000 ha	3 087 ha		
he vation	\$ contributed to fund		-		
AND	FARMERS' LIVEL	IHOODS			
осоа	# improved seedlings distributed to farmers	-	-		
vide oved l	# of nurseries with improved cocoa seedlings	_	-		
od Ps)	# of farmers trained in GAPs	14 500	6 477		
m	# of hectares of cocoa rehabilitated	15 000 ha	2 791 ha		
el	# farmers applying crop diversification	3 000	812		
on ose on	# multi-purpose trees distributed for on-farm planting	Already reported 9.1			
2 14-		and the second	at a sat had to		

SUSTAINABLE PRODUCTION AND FARMERS' LIVELIHOODS (CONTINUATION)

303 MINABLE I NOB				OATION,
13 . Promote financial inclusion and innovation to deepen farmers' access to working capital and investment funds for production and farm renovation	13.1 • Promote farmer savings	# farmers in supply chain with a savings account	6 000	1 573
		# farmers participating in VSLA groups	_	_
	13.2 • Offer financial products to farmers	# farmers offered a financial product	6 000	1 573
14. Improve supply chain mapping, with the goal of 100% of cocca sourcing traceable from farm to first purchase point. An action plan will be developed for traceability, which will be implemented step-by-step to achieve full traceability and verification, applicable to all by end-2019	14.1 • Conduct farm mapping within direct supply chain to identify and collect cocoa farm boundaries to ensure cocoa is not being sourced from forest lands, National Parks and Reserves, and Classified Forests	# farms mapped within direct supply chain	Already reported 1.1	
	14.2 • Implement traceability system to farm level in direct supply chain	% of direct sourced cocoa traceable from individual farms to first purchase point	Already reported 3.1	
SOCIAL II	NCLUSION AND COMI	MUNITY ENGAGE	MENT	
15. Full and effective information sharing, consultation, and informed participation of cocca farmers and their communities who are affected by proposed land-use changes.	Organize cocoa community consultations on the implementation of the Frameworks for Action	# communities with consultation sessions	29	17 cooperatives
16 . Promote community-based	Establish and/or support community-based natural resource management programs for forest restoration/protection	# of cocoa communities with active forest restoration and protection program	29	17
management models for forest protection and restoration		# hectares under CBNRM	_	_
17 , Development of action plans for forest protection and restoration,	Develop forest protection and restoration and agriculture intensification action plans that are gender and youth sensitive	# cocoa communities with gender-focused programs	10	_
and sustainable agricultural intensification that are gender and youth sensitive.		# cocoa communities with youth-focused programs	10	4

66 Behind each tree, there are men and women, our approach to agroforestry is based on this conviction.

Quality R&D Directo



More information

COCOA NET

T THE HEART OF

on our websites: group.cemoi.fr and transparence-cacao.com

CEMOI GROUP,

Corporate and Social Responsibility, 2980, avenue Julien Panchot, 66000 Perpignan, FRANCE Tél. + 33 (0)4 68 56 35 35

https://www.cemoi.fr www.transparence-cacao.com

Graphic Design: Monade Communication • www.monade.pro Tél. + 33 (0)6 81 55 54 22

Photos: Jimmy Delpire.



