

The 2017/2018 Cargill Cocoa & Chocolate Sustainability Report





Helping the world *thriv*e 俞

Cargill is committed to leading the industry towards a thriving cocoa sector. Our aim is to improve the lives of cocoa farmers and their communities across five origin countries and, in doing so, secure the future of cocoa and chocolate.

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# Community Wellbeing









Consumer

Confidence

### Introduction

# President's Welcome



### Dear Stakeholders,

Cocoa could be called something of a paradox. The health of the cocoa sector is dependent on many variables, many local contexts and many hands along the length of supply chains that stretch around the globe. It is constantly in flux, as markets, technologies and climate all change. This has created an ever-shifting context of interconnected challenges. And yet, despite this amazing complexity, the end products bring simple joy to consumers everywhere.

Bearing in mind this context is vital to providing our customers with a secure supply chain of great quality cocoa and chocolate ingredients, encouraging good agricultural practices, and empowering cocoa farming communities. The **Cargill Cocoa Promise**, our commitment to enabling farmers and their communities to achieve better incomes and living standards, is central to this ambition.

### The journey so far

The Cargill Cocoa Promise was introduced in 2012 in order to align our sustainability efforts. Our vision is a thriving cocoa sector for generations to come: one that enables cocoa farmers and communities to prosper, while also ensuring lasting business success across the sector. This year more than 200,000 farmers have received training and/ or one-on-one coaching to ensure adoption of Good Agricultural Practices (GAP), while 137 new communities in Côte d'Ivoire and Ghana are currently developing Community Action Plans (CAPs) to define the resources they need going forward.

I am hugely proud of these achievements. But they have only been possible thanks to the ongoing support of our customers and colleagues, as well as day-in, day-out cooperation with NGOs, governments, and above all else, farmers and farmer organizations. **Working through farmer** organizations has proven the best path to creating greater opportunities for individual farmers, their families, and their communities. That is why the foundation of our approach is putting farmers and their organizations first.

### Connected for more

To date, the Cargill Cocoa Promise has been the central platform for us to drive sustainability progress. But we believe that our engagement on sustainability must go even further, infusing every aspect of how our business operates. Already in 2017, we adopted far-reaching Sustainability Goals aligning our intentions with the UN Sustainable Development Goals and reflecting our desire to make a wider impact. We have broadened our scope of sustainability to encompass our indirect cocoa supply chain and how we source other ingredients used to produce chocolate.

Our decision to take a wider view of what sustainability within the cocoa sector really means is reflected in this year's report theme: "Connected for More". As one of the world's leading cocoa and chocolate companies, we act across the cocoa sector, connecting stakeholders to drive change. It behooves us therefore to press for ever greater collaboration within the sector, particularly when it comes to tackling pressing challenges such as deforestation, child labor, or income diversification. We already have long-standing relationships with influential partners such as the International Cocoa Initiative (ICI) and CARE, and are active participants in pan-industry initiatives through the World Cocoa Foundation.

But cultivating connections goes beyond how we partner with others. It is also about driving ever greater transparency within the cocoa sector and amongst partners. The results showcased in this report speak to this commitment, laying out our progress in tackling key issues for all to see and inviting our stakeholders to engage with the stories they find most compelling. You will also read about how we are deploying cutting-edge technologies to achieve this ambition of greater transparency about how, where and from whom we source our cocoa. And as we learn new lessons along the way, technology enables us to measure our progress and correct course if needed.

For every intervention we implement, we have an eye to this bigger picture – and an eye to tomorrow.

### A vision for the future

As we look ahead, I want to take a moment to thank you for your ongoing support of our sustainability efforts. At a time of global uncertainty, it is heartening to see such a heightened level of engagement with sustainability issues – from our customers who expect us to help meet their consumers' needs, to the NGOs and governments demanding concrete progress. We are determined to live up to these expectations together.

There is certainly still a lot to be done – but what I see happening across our industry enhances my optimism. I am convinced that we can go even further and achieve our shared ambition of a thriving cocoa sector that will endure for generations to come.

> Harold Poelma President, Cargill Cocoa & Chocolate

### Introduction





# Our Approach

The multiplicity of issues and factors at play when it comes to achieving a more sustainable cocoa sector means that action in any one area is likely to have an effect on another. This makes it essential to take a comprehensive approach to decision-making; one that considers all relevant information and possible outcomes – intended or not – before launching into any new or adjusted initiatives. This is our Theory of Change and it is how we ensure that each of our actions will have a concrete, positive impact.

### Playing our part

As one of the world's leading cocoa and chocolate companies, we act across the cocoa sector, forging connections between all players and taking into consideration the myriad distinct yet interconnected issues that feed into the future sustainability of the sector. We are a large company, with the expertise and determination to drive progress.

Yet we know that we don't have all the answers. That's why we share best practices, develop initiatives that complement the activities of others, and work closely with expert partners on the ground who know the local context and culture better than we ever could. This is the only way to make sure that the actions we take have the effect we intend. Ultimately our goal is to improve outcomes for:

- **Farmers** We empower farmers through farmer organizations to become entrepreneurs and run their farms as businesses
- **Communities** We equip communities with the tools to own their socio-economic benefits and create better prospects for the future
- Landscapes We take concrete action to prevent deforestation while also ensuring that cocoa farmers can still make a living

### An end-to-end approach

We begin at the beginning; the start of the supply chain. Everything always comes back to how we create lasting benefits for cocoa farmers, their families and communities, empowering them to own their futures and achieve their own business success.

This is also where our partnerships are most important. We work directly with farmer organizations, community leaders, and NGOs with specific knowledge and expertise to assess the most pressing needs on the ground and develop tailored solutions. The process of collaboration is ongoing, lasting long after the initial program development phase. We regularly gather feedback from all stakeholders about the progress we are making and if needed, we correct course along the way.

Consumer Confidence

### Introduction

### Our principles

Our approach is informed by the following core principles, which underpin every initiative we develop and deploy, whether alone or with partners:

- **Transparency and Assurance:** We build a supportive market ecosystem by promoting supply chain, financial and impact transparency, including third-party assurance through certification programs
- **Evidence-based:** We continuously learn and adjust to improve the impact of our work and better equip all of our partners for a more sustainable future
- **Scalable:** We design programs that are adaptable across the local contexts of different sourcing regions
- **Technology-driven:** We harness the power of technology to rapidly and effectively deploy our programs at scale



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### Introduction

# Our Goals

We introduced our five Sustainability Goals in 2017, cementing our commitment to delivering our contribution to the SDGs and further improving farmer and community livelihoods. These goals and the programs that will lead us to achieving them drives our work. We constantly learn and adjust to increase the effectiveness of our programs as we deliver them.

Goals		Targets	Read more	Aligned SDGs
Farmer Livelihoods	We will champion professional cocoa farming practices, to strengthen the socio-economic resilience of cocoa farmers and their communities	<b>1</b> million farmers benefiting from the services of the Cargill Cocoa Promise	Page 8	1 Horn Artification Artification
Community Wellbeing	We will enhance the safety and wellbeing of children and families in cocoa farming areas	<b>1</b> million community members benefiting from the services of the Cargill Cocoa Promise	Page 12	1 Monterr 2 Million 4 Million   Martine 2 Million 10 Million   5 Million 8 Million 17 Million   Image: State of the st
Protect our Planet	We will promote environmental best practices in our business and across our supply chain	Zero deforestation in the cocoa supply chain	Page 16	13 Eren 15 Million 15 Millio
Consumer Confidence	We will help consumers around the world choose sustainable cocoa and chocolate products with confidence	100% farmer-to-plant traceability of our cocca beans 100% chocolate ingredients sourced in line with our sustainability code of conduct	Page 21	12 STRAET
Transformation, Together	We will use the power of partnerships to accelerate and magnify our efforts to achieve a level of sector transformation that cannot be accomplished alone		Page 26	17 Harrisons His ne caus

### Introduction

# How we create value – from bean to end product

Our ambition is to provide sustainable, high-quality cocoa and chocolate throughout the world, bringing our customers peace of mind, integrity and excitement.

### Cocoa farming

We source directly from five origin countries: Côte d'Ivoire, Ghana, Brazil, Indonesia, Cameroon

### Purchasing the beans

We purchase our beans directly from farmers through farmer organizations, as well as through third parties

### **Processing and** manufacturing

Our world-class products have been developed through almost 50 years of experience in the industry

### Customers and consumers

We provide our customers with opportunities to grow their business across a wide range of cocoa and chocolate products and applications



Community wellbeing page 11

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succeed page 28

products sustainably page 30

ingredients page 24

First mile traceability page 22

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### Introduction

## Transparency is Key for the Cocoa Sector

As information connects the world more than ever before, people increasingly want to use that information to buy brands and products that match their values. Cocoa and chocolate are loved by billions of people across the world, and so here, too, the trend toward transparency is both expected and needed.

At Cargill Cocoa & Chocolate, we are increasing the transparency of our business and the cocoa supply chain. As we do so, it is worth examining for a moment why we think transparency is so powerful. After all, transparency is not an end in its own right, but rather a means to drive a cycle of progress. The most pressing issues in the cocoa sector reveal why this is the case.

## Ending deforestation and mitigating climate change

Our changing climate has a significant impact on cocoa. Climatic shifts are predicted to impact cocoa farmers' productivity, having knock-on effects on livelihoods and the wellbeing of their families and communities. As we measure the interplay among cocoa production, land use and climate, we are developing mechanisms that incentivize farmers not to cut down trees and deploy resources to help them adapt as the climate changes.



Working with World Resources Institute (WRI), we analyzed 188,065 hectares in our direct supply chains to assess forest loss between 2008-2017. Preventing child labor

We are working daily to eliminate child labor in the cocoa supply chain. We have co-developed and implemented our Child Labor Monitoring and Remediation System (CLMRS), which works with trusted partners in communities. The system identifies cocoa farms where families cannot afford to hire help to do farm work and so have put their children to work. Measuring this allows us to enact interventions that support families so they keep their children in school.



During this reporting period, we identified more than 2,000 incidents of child labor in Côte d'Ivoire and have introduced remediation programs for all of these.





### Accelerating progress

Transparency like this builds confidence among our customers that we are identifying the most important issues and making progress to resolve them. It aids us in determining where our efforts are having the greatest impact, allowing us to refine our approach with greater precision.

It is important to note that these two dimensions reinforce one another. As demand for certified sustainable cocoa goes up, it generates funding for more targeted and impactful interventions, which in turn only further raise consumer confidence.

In other words, transparency helps to spin up a flywheel of progress. That is why it matters.



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# Farmer Livelihoods

Our entire industry depends on the success of cocoa farmers. Cargill Cocoa & Chocolate is helping smallholder farmers navigate fluctuating socio-economic and environmental conditions by connecting them to skills and resources that increase their resilience.



Goal 1 Farmer section



one-on-one coaching with more than 121,000 farmers globally on Good Agricultural Practices (GAP)





# aid premiums to 20,763 farmers throu poble banking or other digital payme forms in Côte d'Ivoire and Ghana

### Context

Most cocoa farmers depend for their livelihoods on the income from selling cocoa beans. Yet their profitability is subject to a large number of factors, only some of which they can control. We believe that the best way to ensure cocoa farmers thrive and safeguard the future of cocoa is to strengthen the resilience and prosperity of cocoa farming households.

Discover more

Targets One million farmers benefiting from the services of the Cargill Cocoa Promise.

### Approach

Through the Cargill Cocoa Promise, we empower farmers to become true entrepreneurs who maximize their profitability and manage their farms as businesses to obtain a living income. We do this through a holistic approach that goes beyond productivity to diversify their incomes and strengthen their communities. We recognize that farmers will be much more resilient when their communities are too

### Discover more

Programs & progress

of partners to help individual farmers and farmer organizations raise their productivity, profitability and resilience. Alongside this, our efforts in cocca-growing communities create a multiplier effect. We are making good progress toward achieving our target of benefiting one million farmers.



Impact and learnings As we make progress, we continue to face challenges as well. Because we buy a good percentage of our cocoa beans directly from farmers and farmer organizations, and because we work hands-on alongside our partners in cocoa-growing communities, we are well-placed to learn from these challenges and find new solutions.

### Next steps

We will continue to expand and deepen our programs so farmers have the know-how and the tools to act as entrepreneurs and plan for the long term. This will create a strong foundation for the entire cocca sector.



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### Context

Most of the world's cocoa is grown on small family farms in some of the least-developed countries. Many farmers struggle to achieve a living income and as a result face being trapped in a cycle of poverty. Their incomes and overall resilience are susceptible to shocks such as price fluctuations, crop failures, or civil unrest, that disrupt farming or market access. Such conditions jeopardize the ability of cocoa farmers and their families to thrive. Yet for many farmers, cocoa remains the most attractive option. Cocoa contributes 61% of household income for such families in Ghana, and 66% in Côte d'Ivoire (KIT, 2018).

Impact

### Approach

The foundation for improving farmer resilience is increased farm profitability through training, one-on-one coaching and access to inputs. Helping farmers implement efficient, environmentally friendly and safe practices into their daily operations boosts their productivity and can launch a positive feedback loop. Tree health, fertilizer use and soil fertility are among the topics that farmers learn about hands-on. Our experts, extension partners and lead farmers all help with this coaching.

Additionally, we help farmers implement Farm Development Plans (FDPs) that contribute to higher yields on their farms over the long term. We work to professionalize cocoa farming by providing training in financial and business literacy. This, coupled with better access to finance, can help farmers to plan ahead and pave the way for long-term success.

We believe that to improve farmer livelihoods and farming communities' wellbeing in a tangible, lasting way, we must look at all factors that contribute to increased incomes and improved outcomes.

This is why we focus on households and how diversified income streams provide a more reliable living income for cocoa-farming families. This includes incomegenerating activities both on and off the farm, to build their resilience and move beyond the more limited scope of price and productivity.

### Thriving cocoa sector

### **Resilient farmers**

Empowered, professional farmers thriving as agri-entrepreneurs, reaching maximum cocoa profitability and managing their farms holistically as businesses to obtain a living income. Cocoa is actively chosen from a variety of options, as part of a rewarding livelihood strategy.



### **Programs & progress**

Our programs are strengthening farmer resilience and improving their livelihoods.

- More than 200,000 farmers have received training and/or one-toone coaching to ensure adoption of Good Agricultural Practices (GAP)
- 46,000 farmers have adopted more than 50% of their farm development plans
- 133,000 farmers with access to crop protection resources, to shield their cocoa from pests and disease
- We have provided more than 1.7 million high-quality seedlings to farmers so they can regenerate their farms for the future
- 100% of the farmers in our network in Ghana are receiving payments through mobile banking or other digital payment forms
- More than 4,000 farmers are receiving payments through mobile banking in Côte d'Ivoire



### Next steps

We are taking a multi-faceted approach to connect farmers to more opportunities:

**Increased cocoa productivity:** We are continuing to roll out one-on-one coaching programs to reach farmers across all five countries where we directly source cocoa.

Access to information: For farmers to make good economic decisions, they need access to information about markets, farming best practices and their own historical activity. We are developing additional digital tools to facilitate this. This includes piloting a farm management system in Brazil and a farmer app in Indonesia.

Access to credit and other financial services: We are introducing pilot programs for financial literacy and farm management training in Cameroon and Côte d'Ivoire. We aim to reach more than 3,000 farmers next year. We will also continue to expand digital mobile money systems.

**Diversified on- and off-farm income:** We are further refining our approach to income diversification in order to design and introduce a pilot program in Côte d'Ivoire.



Introduction

### **Goal 1** Farmer Livelihoods

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# spotlight: Living income as a household concept



We have trained or coached more than 200,000 farmers globally in the adoption of GAPs



Most of the world's cocoa is grown in some of the least developed countries on small family farms and by farmers who earn the majority of their living from growing and selling cocoa beans. For many of them, cocoa production alone is not sufficient to earn a viable livelihood and they face being trapped in a cycle of poverty. Such conditions jeopardize the ability of cocoa farmers and their families to thrive.

An important aspect of farmer livelihoods is income. Farmers and their families must be able to secure a stable income both from growing cocoa and also from other crops or incomegenerating activities on and off the farm.

To understand what a viable income is across different cocoa producing regions, the Living Income Community of Practice, of which we are a member, developed living income benchmarks for Côte d'Ivoire and Ghana. To find out how farmers participating in Cargill Cocoa Promise programs fare against these benchmarks, we set out to measure the actual income of farmer households through our Farm Economic Model. Based on various input data such as farm size, yield and costs of inputs, this model predicts the incomes of farmers involved with the Cargill Cocoa Promise. More importantly, the model helps us better identify how and where farmers benefit most from certain types of interventions.

### Discover more

### Cocoa as part of the solution

Over the past year, we have trained and/or coached more than 200,000 farmers globally in the adoption of GAPs. Through one-on-one coaching, farmers learn from experienced lead growers in their communities, who help them set up individual FDPs. Skills include how to prune and weed correctly, how to best mitigate pests and diseases, and how to correctly use fertilizer. All of these help farmers raise yields and incomes.

Our model also shows the need to look beyond cocoa as a means of improving household income.



Coaching has helped us double in overall GAP compliance during the past year in Côte d'Ivoire

That is why we look at interrelated factors that play a role in improving farmer livelihoods, including access to finance, alternative incomegenerating activities and gender equality issues.

We continue to deepen our understanding of living income and to further refine our Farm Economic Model. This will enable us to target our interventions much more effectively, by identifying which farmers would benefit from cocoa intensification and which from income diversification. In combination with tools to measure farmer resilience, this will give us a holistic view on how our programs are making a difference.

Community Wellbeing Protect

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I started coaching in 2016 with Jean Baptiste. He visits me every month and gives me tips to follow with specific dates for what I need to do next time. Before that, I worked alone, I did not know anything. Today I know the dos and don'ts. Previously, for example, I did not clean my farm.

I came with my sprayer and treated my trees directly. While today, I know that when my farm

is well-cleaned the mirid insects can no longer hide and I can better treat my farm. I do this now four times a year. Previously, I did not trim my trees either because I did not know how to do it. Now that I understand that the sunrays allow the pods not to rot and the flowers not to fall, I do it too. I also learned how to trim my trees well from their base and thanks to that I have more pods on my trees, much more! Finally, I did not do the sanitary harvest by removing the rotten pods because I did not know that it prevented new pods from growing. My yield has increased a lot. I went from 1.431 tons in 2015 and today I am at 2.3 tons whereas we are only in May 2018! I am so proud to be a cocoa farmer and able to support my family by following the advice of my coach!

Of course this brings in more money. With this money, I invest in the maintenance of my farm, I can pay hospital expenses, I even bought myself a motorbike to go to work... Before the coaching I went by bicycle, now I go on a motorcycle!







### **Goal 1** Farmer Livelihoods



## spotlight Financial basics to connect to more opportunities

S1.7m More than \$1.7 million was paid electronically to farmers in Ghana during the 2017/2018 crop season



Most households across today's cocoa-growing regions still lack access to formal financial services. This leaves them operating entirely by cash and exposes them to significant additional risk. Cash and savings in the form of physical assets risk being lost or losing value and they do not generate interest over time.

Sustainable success in farming requires adequate access to financing for both seasonal and long-term investments. Cocoa farming is no exception. Longer-term investments are especially critical given that cocoa trees take four to five years from planting to become fully productive. Once they do, they can produce steadily for two decades or more if properly maintained.

For this reason, access to formal financial services are crucial for empowering farmers to break the poverty cycle. Savings accounts, insurance and credit all provide tools for households to seize opportunities and diversify income streams. This increases their resilience to market fluctuations and helps them better navigate other unexpected financial setbacks.

Technology plays an important role. Digital payment systems allow for secure and transparent movement of funds. They also provide farmers with almost immediate access to funds, so they can reinvest in their operations, households and communities.



### Incentivizing new partners

We are taking action to improve farmers' access to financial services, yet we know that the financial sector must also see shared value in order to get more involved. This is why we are starting by providing farmers with know-how regarding sound financial practices, and then connecting them to digital payment systems to help create a market. Doing so incentivizes the financial sector to develop credit and insurance products that are especially suited for cocoa farmers.

### **Rolling out digital payments**

In Ghana, we have been working with several banking partners to drive progress in this area. Our licensed buying company has entered agreements with Ghana Interbank Payment and Settlement Systems, Ecobank Ghana, and MTN to develop digital payment systems in the four areas where we operate. These partners, in turn, are training our staff, farmer organizations and local merchants in the adoption of these systems. They also offer liquidity to local banks and merchants to ensure the systems run smoothly.

More than \$1.7 million was paid electronically to farmers in Ghana during the 2017/2018 crop season for both cocoa sales and premiums for sustainability certifications. This figure will rise sharply in coming years, as more farmers embrace the benefits of digital banking.

Discover more

### Buying cocoa with Cargill: a revolution

Each farmer has a barcode of his or her own which allows the identification and total traceability of the flows of their cocoa. When the farmer delivers bags of cocoa, they are weighed on my electronic scale and the weight is automatically transferred to a mobile application. The payment is then made via the phone and the receipt printed automatically on a portable printer connected through Bluetooth. When there is no electricity, the points of purchase are equipped with solar panels.

In addition, the company has developed a fully-integrated management system that allows us to know at any time the state of stocks. One might think that the illiterate farmers are reluctant to these methods of work, but on the contrary, they appreciate this method because it offers transparency in all the transactions. The money cannot be stolen on their phone because the farmer has to go and take the money from the bank. This is a relief for them, because in Ghana, some companies steal form peasants.

# $\bigotimes$

Cargill literally revolutionized the purchase of cocoa in the bush. While all other competitors still buy cocoa in cash and paper, Cargill buys cocoa using mobile money. My daily routine is as follows... I first check all my working tools: my Aqua-Boy, my WIFI connection and my scale once I get to each community. My main working tool is my cell phone!

> Quote attributed to Prince Akonnor Cocoa Buyer – Cargill



Goal 2

Consumer Confidence

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## Les le texte et reponds aveque Le boutigue de Gilbert.

Farmer Livelihoods

Gilbert a une boutique près du garage de son père. Devant la boutique, en trouve une rangée de cageots. Les cageots sont pleins d'oranges, d'aubergines et de gingembre Dan la boutique, en voit de boites de capages et des paquets de bougies sur la étagères

Gilbert vend aussi dir fromage-Les gens u - llage Trouvent gilbert i eus.

# mardi, 29 janvier 2019

1) Ou se trouve la boutique de Gilbert 2) Dis a qu'on trouve sur les étagères de la boutique. 3) Eoris un mot du texte contrient « gess

K. ge ss.

# **Community Wellbeing**

Cargill Cocoa & Chocolate is creating stronger, more resilient cocoafarming communities by investing in the wellbeing and progress of farming families. Together with our partners, we are implementing communitydriven initiatives to help prevent child labor while also enhancing women's economic opportunities, increasing access to education, and improving health and nutrition.

Responsible Business





350,000 people in Cameroon have benefited from our work to provide potable drinking water

14,000

More than 14,000 farmers were reached through Child Labor Monitoring and Remediation System (CLMRS), with 2,000 children in the process of receiving remediation activities in Côte d'Ivoire



We conducted an assessment to determine risk factors around child labor in Indonesia and Cameroon

### Context

Most of the world's cocoa is grown on small family farms in countries with lower levels of development. The wellbeing of cocoa farmers' families and communities depends on both their income from cocoa and the broader resilience of their households. The foundations of this resilience are alternative sources of income, an ecosystem of social services, and information about how to improve their overall wellbeing.

### argets

One million community members benefiting from the services of the Cargill Cocoa Promise.



# thrive

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We work hands-on with our partners in communities and farmers to improve productivity and diversify their sources of revenue, raise living incomes and help their families thrive. Alongside this, we and our partners invest in community programs that support education, healthcare and entrepreneurship, spurring a continuous cycle of uplift.

### Programs & progress

We have made good progress during this reporting period, putting us on track to meet our target. In partnership with CARE, Village Savings and Loans Associations (VSLAs), as well as income-generating activities, are supporting women entrepreneurs. With the International Cocoa Initiative (ICI), we have expanded the CLMRS to address child labor. And we are helping local leaders to develop Community Action Plans (CAPs) that will accelerate opportunities for all.





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We are proud to count Cargill

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farmers went through gender sensitization trainings

### Next steps

We are continuing to support the implementation of CAPs, develop social services in communities, expand women's economic opportunities, and grow the efficacy and reach of our CLMRS.



issues involved, because they are connected. We are exploring new delivery models that are efficiently scalable given the number of growers and communities, and the diverse set of local contexts.

Communities must be empowered

child labor and women's economic

empowerment through education,

income diversification and other

reinforced that we must take a

systems approach with broad

collaboration among partners

to address root-causes of the

interventions. The past year

with the resources to address





We are proud to count Cargill among our partners of the TRECC initiative, a collaborative effort to enhance access to quality education and ultimately improve rural livelihoods. We are confident that this partnership will yield positive results in terms of supporting the government of Côte d'Ivoire in achieving its strategic objectives, and demonstrating that quality education is key to preventing child labor.

### Sabina Vigani Country Director, Jacobs Foundatio

We are partnering with Cargill and the Jacobs Foundation, through the TRECC program, to improve not only access to education but also learning outcomes in primary grades. The results achieved in just a few months of experimentation are very positive. For the Ministry of Education, public private partnerships play a key role in supporting the public sector to try out new approaches to address the challenges in our sector.

> Faustin Koffi General Inspector, Ministère de l'éducation Nationale de Côte d'Ivoi



### **Programs & progress**

### Holistic community development

We continued to make strong progress through Community Needs Assessments (CNAs) and corresponding Community Action Plans (CAPs), which bring the community together to identify the resources they can draw on for development and define a path forward (see Spotlight on Communitydriven development).

This year, 137 new communities in Côte d'Ivoire and Ghana went through a needs assessment and are currently developing CAPs. Some of these also participated in a full community empowerment effort that included establishing Community Development Committees (CDCOMs), capacity building to strengthen governance, enhancing the links between cooperatives and communities, creating VSLA programs, and more.

CAPs also help drive change in other ways. Many communities include gender-focused training, literacy and financial skills in their plans. This serves to accelerate community development and puts more resources at the disposal of residents.

### **Child labor**

We have made good progress through our programs to identify, prevent and eliminate child labor in the supply chain. To start with a complete picture of how the issue manifests in local contexts, we have conducted general risk assessments in four of our five key origin countries, with an assessment planned for Brazil in 2019. We launched the CLMRS in Côte d'Ivoire in 2016, with new monitoring and remediation systems due to be piloted in other countries this year.

During this reporting period, we implemented CLMRS in 17 cooperatives in Côte d'Ivoire, reaching 14,655 cocoa producers. The next wave of this program will include 10 more cooperatives and up to 10,000 additional producers. More than 2,000 cases of child labor have been identified and are currently being remediated. We are working with households to address the root-causes that lead to children engaging in farm work in the first place, and get the children in school.

Although the unique circumstances vary vastly in different cocoa-growing areas, we continue to work with our partners like ICI and local community leaders to achieve our objectives.

Community Wellbeing Prote

### Impact and learnings

Our PROSPER Project with CARE established 29 VSLAs in Côte d'Ivoire and 108 women's groups in Ghana. These are a good foundation to continue to extend our impact.

Yet that impact can take time to materialize. The interrelated nature of all the issues involved can hold up progress. For instance, a community's limited buying power can hold back the development of entrepreneurship and additional income-generating activities. So even when VSLA programs are established, their members may not immediately have a local market for the income-generating activities these programs help launch.

This reinforces the need for a systems approach – one that creates market access and is financially rewarding for communities. We are developing a new model to support women's groups and alternative income-generating activities so that they become more sustainable. This model will better enable community members to connect to the financing and markets they need, either through cooperatives or other channels.



### Next steps

We are expanding our CLMRS activities. By 2025, we will have in place a monitoring system to identify the risks of child labor in our direct supply chain spanning our five direct origin countries. To enable ourselves to do the same in our indirect supply chain, we will carry out due diligence assessments. This will entail identifying where the risks are located and engaging supplier partners to increase their own transparency and build their capacity to address common challenges.



### Goal 2 Community Wellbeing



# Empowering women, changing communities

30%

When women are given the same access to resources as men, farm yields increase by 20% to 30%



Women are essential leaders of the community. They are farmers and entrepreneurs, and often they run the home and pay for children to go to school, as well. In some cocoa communities, women make up more than half of the agricultural workforce.

Connecting women to economic opportunities is critical to a sustainable cocoa sector because it has a ripple effect on entire communities. Research shows that the most effective way to address the worst forms of child labor and ensure more children attend school is by empowering women. And according to the Food and Agriculture Organization of the United Nations (FAO), when women are given the same access to resources as men, farm yields increase by 20% to 30%.

### Discover more

### Read more from the FAO

Cargill is taking a leadership role in women's economic empowerment. We want women to become income-generators in their own right as farmers, entrepreneurs and business leaders. We are championing women systemically, at scale and across the value chain.



According to CARE, 90% of income earned by women in many cocoa communities is invested back into the family

### Partnering for change

For more than six decades, Cargill has partnered at the corporate level with the humanitarian organization CARE to enrich agricultural communities around the world. CARE is an important partner because of its many years of experience in community development.

According to CARE, 90% of income earned by women in many cocoa communities is invested back into the family. In Ghana and Côte d'Ivoire, our cocoa business has worked with CARE to introduce member-run VSLAs, which enable both men and women to access affordable credit. This money can be used to invest in small business activities, education and more. Since 2013, more than 4,000 people have benefited from access to VSLAs in Côte d'Ivoire and Ghana, a majority of whom are women.

We are also working with CARE through the Promoting a Sustainable and Food Secure World (PROSPER) Project to conduct Community Needs Assessments and use those to develop Community Action Plans (CAPs) in Côte d'Ivoire and Ghana. CAPs act as a roadmap to accelerate community wellbeing with a focus on child protection, education, nutrition and healthcare, and women's empowerment. A participatory learning and action approach has been used to develop these plans, with active involvement from community members and other key stakeholders.

### Our impact

According to the FAO, an increase to a woman's income achieves the same improvements in children's nutrition and health as a tenfold increase to a man's income. This is why our focus on women's economic empowerment is so important.

To create understanding of the importance of and barriers to empowering women, Cargill has supported gender-equality training for regional agents from ANADER, Côte d'Ivoire's national agency for rural development. These agents are trusted members of their communities who teach local cocoa farmers agronomic skills, so they have a large geographic scope and far-reaching influence. In this reporting period, 177,497 farmers took part in gender sensitization training through Farmer Field Schools and Farmer Training Days in all five of our direct origination countries. This is a foundation for future progress.

### Discover more



### **TRECC "Transforming Education in Cocoa Communities"**

Limited access to quality education for children in isolated cocoa communities lacking infrastructure and teachers is increasing the risk of child labor. To face this challenge, Cargill together with the Jacobs Foundation designed an innovative solution as part of the TRECC "Transforming Education in Cocoa Communities" Program. The solution consists of creating multi-grade classrooms for out-of-school children selected from Cargill's CLMRS to learn at their respective grade levels using an engaging and innovative technology-based learning tool that tracks their progress. The innovative approach developed by TIDE, an India-based social enterprise, and co-implemented with the International Cocoa Initiative (ICI), has enabled 150 children in five communities to attend lessons developed in alignment with the Ministry of Education of Côte d'Ivoire. Multi-grade classes have proven to be effective in reducing the need of infrastructure, materials and personnel. A few months after starting lessons, the children showed rapid progress, knowing already how to read, write, and count.



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ommunity Wellbeing Protect o

The coop is the gateway to the community. The coach enters families through this door. For me, the role of the coach is essential in this project. This is a challenge because he must not lose the trust of the producer he has managed to establish during the years of coaching his farm. His role is divided into three major aspects:

- Carry out household surveys both at home to meet with all members of the family and on the farm in order to see if children work there, and if so what they do there
- Raise awareness with the producer and his family: during periods of agricultural activity, explain the dangers of children carrying heavy loads, using sharp tools and spreading agrochemicals
- Follow up on remediation actions; direct (school kits distribution, provision of birth certificates) or indirect (e.g. support ICI in the set-up and ongoing work of the self-help groups)

Today, through this fieldwork of gathering accurate and relevant information from 17 coops, we have been able to identify trends.

The biggest challenge is to help the producer understand the project, make it clear that we are not the police and that everything we do contributes to the wellbeing of their children.

At the national level, the challenge is even more important because it relates to the role of the child within the family! Personally my challenge is to set up a CLMRS system in all of Cargill's coops of Côte d'Ivoire. My great pride is to be able to give children who live in very remote areas the chance to go to school... children who will become Côte d'Ivoire's great women or great men of tomorrow. In a few years these grown-up children will in turn write beautiful stories... This chance we give them today makes me feel proud.

> Sonia Lobry CLMRS Project Manager for Cargill





### Goal 2 Community Wellbeing



## spotlight Community-driven development



Cocoa-growing communities face challenges ranging from lack of access to basic services and inadequate infrastructure, to food insecurity and a poor access to education.

We enable farmers and their communities to build decision-making capacity and to take ownership in assessing and addressing their own needs. Cargill works with local leaders to conduct Community Needs Assessments (CNAs) and then develop Community Action Plans (CAPs) to accelerate community wellbeing. These CAPs focus on child protection, education, health and nutrition, women's empowerment, and opportunities for young adults.

CNAs have proven to be a useful first step to helping communities identify and prioritize their own developmental goals. Once a community's main needs are identified, a CAP is developed detailing how communities will implement interventions. The CAP enables communities to prioritize their needs, mobilize resources, and take steps to implement actions. It takes into consideration resources available in the community and stakeholders who can help the community reach its targets. CAPs measure local socio-economic factors in order to prioritize a set of development activities that address a diverse range of community needs, including those connected to the following issues:

- **Child labor:** Identify, prevent and eliminate child labor through risk assessments, monitoring and remediation, sensitization and training, prevention activities, and Child Protection committees
- Education: Improve access to quality education through school infrastructure investments, school materials, school kits, training, School Management committees, and education innovations
- Women's economic empowerment: Enhance the opportunities available to women through income-generating activities, women's groups such as VSLAs, capacity building and leadership training, and gender sensitization across the community
- Employment of young adults: Support access to decent jobs for young adults through technical and vocational education and training, as well as entrepreneurship support for other income-generating activities
- Nutrition and health: Improve the nutrition and health of community members through training on sanitary and hygienic practices, constructing water and sanitation facilities, establishing Water Sanitation and Hygiene (WASH) committees, and increasing access to nutritious food and information about a healthy diet

This model has proven effective for engaging community members in decision-making and identifying their needs. Yet we must continue to optimize the process. This includes a number of steps in the planning, development and deployment of a CAP, as well as building the capacities of the community and farmer organizations to manage it. We are now developing a more cost-effective model for the future.





ntroduction

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### Goal 3

# Protect our Planet

Agriculture and climate health are increasingly impacting one another. At Cargill Cocoa & Chocolate we are combating deforestation and helping cocoa growers adopt sustainable practices, to limit our industry's contribution to climate change, maintain sustainable landscapes and keep cocoa resilient for the years ahead.

Goal 3 Protect our Planet





188,065



In 2018, we introduced the Protect our



# thrive

Context

Over the next several decades, smallholder farmers are most likely to feel the impacts of climate

**Discover more** 

### **Targets**

### Approach

agriculture and farmer resilience in the five countries where we

models. Our work towards to transform our agricultural supply policies and time-bound action

Ð Discover more

ГQ Protect our Planet strategic action plan **Cargill Policy on Forests**  **Programs & progress** plans for Côte d'Ivoire and Ghana



### Impact and learnings In 2017, we worked with World

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The cocoa sector has come together to address the challenge of deforestation. Cargill is instrumental in galvanizing sector-wide support in tackling this pressing issue and has been a driving partner in achieving progress.

Richard Scobey, President,



Next steps

Our ambition is to achieve 100% chain, using GPS polygon mapping

opportunities in our supply chain, ambitious actions in our supply chain are necessary to meet the Paris global warming to less than 1.5°C compared with pre-industrial levels.



Community Wellbeing Protec

### Context

We are partnering with others to address the social and environmental impacts of deforestation and climate change, because we know the future depends on it. Our planet's forests foster natural biodiversity and support the livelihoods of more than one billion people. They support four-fifths of terrestrial plant and animal life and regulate local rainfall patterns, which in turn sustain agriculture.

Mitigating the impacts of climate change and ending deforestation are crucial to our ability to produce enough food for everyone. The interrelated socioeconomic factors include market prices of cocoa, policies on land use and enforcement of forest protection laws. This challenge must be addressed holistically to ensure a sustainable, secure supply of cocoa for generations to come.



### Approach



Supply Chain Transparency

To stop cocoa and other chocolate ingredients produced from deforested areas entering our supply chain, we need to know where they come from. We have committed to mapping 100% of all farms in our direct supply chain, using geolocation to monitor deforestation risks. Traceability technology such as bar-coding bags of beans helps us trace beans back to individual farms to make sure none of our cocoa comes from protected areas.

### Cargill Cocoa Promise



We need to make sure that cocoa farmers can make a living, without harming the environment. We're working with cocoa farmers to help them adopt greener practices: from learning to farm existing land more efficiently, to supporting reforestation and biodiversity-enhancing efforts through agroforesty and conservation.

### Supplier Engagement



There are many different players involved in cocoa's journey from bean to bar. We will work with them to manage the risk of deforestation within our indirect cocoa and chocolate ingredient supply chain.

### Transformation, Together



The Earth is our home – and protecting it is a shared responsibility. When we partner with others, we can achieve far more than we ever could alone. By working with governments, institutional actors, civil society and other industry players, we are securing a more sustainable cocoa sector.



### **Reporting & Sharing**

We believe that, when it comes to sustainability, a lesson learned is a lesson best shared. That's why, as we act, we will report annually on our progress and share our learnings – so others can reap the benefit of our experiences.

Consumer Confidence Transfo

### **Programs & progress**

We partnered with IMPACTUM for our Green Project and trained more than 700 farmers in Côte d'Ivoire on the causes and consequences of climate change and deforestation. Portions of the training also focus on the environmental and economic importance of ecosystem reforestation and the economic value of each species. We also facilitate farmer access to seedlings for shade trees and ensure their appropriate use. We will be training an additional 1,300 farmers in the next year. We will also be scaling this approach to Ghana in the next year.



### Next steps

To enable our mapping efforts, we are introducing technology to cooperatives and farmers that can trace beans back to individual farms (known as first-mile traceability). We have already achieved 100% first-mile traceability in our direct supply chain in Ghana using these technologies and will achieve the same in Côte d'Ivoire by 2020. Today, 45% of the cooperatives in the direct supply chain in Côte d'Ivoire already have first-mile traceability, and we expect to reach 59% later this year.



### **Goal 3** Protect our Planet



# Taking on deforestation with technology



Using Cargill's data, WRI has since analyzed 77,145 mapped farms using the Global Forest Watch platform



Taking action to end deforestation supports our longevity as a business while creating a positive impact on the world around us.

In 2017, we co-founded the CFI, a collective effort of leading cocoa and chocolate companies, the World Cocoa Foundation, and IDH – The Sustainable Trade Initiative. We have published an Action Plan that sets out concrete activities to protect and restore forests, grow more cocoa on less land, and engage with communities in Côte d'Ivoire and Ghana.

### View the CFI Action Plan

Introduction



In 2018, we built on this by introducing the Protect our Planet strategic action plan, which articulates how we will reach our goal of eliminating deforestation from our supply chain. It covers the five origin countries in our direct cocoa supply chain (Brazil, Cameroon, Côte d'Ivoire, Ghana and Indonesia) and our indirect supply chain as well. To ensure we achieve our target, we are collaborating with industry partners, government officials and NGOs to design, develop and implement practical solutions.

### View the Protect Our Planet Action Plan

### Mapping the cocoa supply chain

We are using advanced technologies to establish a deforestation-free supply chain using GPS polygon mapping, we assess the farms in our supply chain to determine where the cocoa we buy is produced. This offers great potential as a way to gather data accurately and rapidly, particularly in remote rural environments. It is providing us with more detailed information than ever before about the farmers we work with, including the location, size and footprint of their farms.

Farm polygon data is overlaid in our Geo-Information System (GIS) software with layer maps that provide more granular details such as protected area boundaries, tree cover loss and nearby intact forest landscapes. Not only does this help us understand where the cocoa comes from, it also identifies high-value landscapes near the sourcing areas that could be at risk. GPS polygon mapping has proven to be a valuable tool. In 2017, we conducted our first assessment using this technology to evaluate habitat types and tree cover loss across five origin countries where our cocoa is sourced. Using Cargill's data, WRI has since analyzed 77,145 mapped farms using the Global Forest Watch platform, covering an area of 188,065 hectares within the direct cocoa supply chain.

Reaching our target of mapping 100% of the farms in the supply chain requires a tremendous effort. The mapping of all the farms we source from in Côte d'Ivoire alone requires our team of field technicians to walk more than 8 million kilometres of farm boundaries.

### Our future impact

In time, we will continue using farm mapping as a primary tool for identifying risk and eliminating deforestation. In doing so, we will get a complete picture of tree cover loss, which will help us prioritize interventions and determine where resources must be invested to prevent deforestation or restore degraded forests.



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**Goal 3** Protect our Planet







Balancing the production of cocoa with the protection of forests and ecosystems services – all while cutting greenhouse gas emissions – is one of the most pressing challenges facing the cocoa sector.

Stopping deforestation and restoring forests can be powerful solutions to address climate change and biodiversity loss. Tropical forests not only provide homes to people, plants and animals, they also store significant amounts of carbon from the air.

As there is growing consensus that forests are effective assets to help meet the 2015 Paris Climate Agreement and prevent global warming of 1.5°C or more, momentum is building for large-scale forest restoration. In cocoa and forest landscapes, agroforestry – the deliberate integration of trees on farms and across the wider agricultural landscape – will play a critical role in this restoration process.

Under the CFI, signatory companies have pledged to promote agroforestry for restoration. Along the same lines, agroforestry is a building block of Cargill's Protect our Planet strategic action plan to end deforestation.


## Goal 3 Protect our Planet

# Addressing the six factors for successful agroforestry

For agroforestry to benefit both forests and farmers, early engagement with farmers is key. Despite its benefits, agroforestry has notable trade-offs to consider. A number of risks must be mitigated and enabling factors put in place. This more holistic approach acknowledges that agroforestry is far more than just planting trees.



**1. Income diversification:** Time horizons for farmers to generate economic returns from agroforestry are typically long and uncertain. While income generation from commercializing fruits such as avocado could be realized in as little as three years, fast-growing timber trees of commercial value can only be harvested 15 years after planting. The right incentives to bring farmers on board at an early stage and apply agroforestry as a means for income diversification are not always present. This has also discouraged outside investors from investing in landscapes in developing countries.

Introduction



2. Market linkages: Legislation can often exclude smallholders from legal timber markets, thereby limiting opportunities for farmers to capture the benefits of agroforestry. Collective action is needed to establish policies that allow smallholder producers of agroforestry products to access markets and reduce transaction costs. In some cases, new market linkages need to be established from scratch to secure alternative livelihoods for these producers.

**3. Land tenure:** Permanent land ownership can promote the adoption of environmentally sustainable practices, including tree planting. However, land and tree ownership arrangements in cocoa-growing areas are often complex; in some cases, they have been the cause of conflicts. Supporting communities in the land-titling process, or in cases where rights to resources are not available, can help to create the right environment for tree planting.

**4. Education:** In West Africa, the introduction of sun-tolerant cocoa hybrids has led to negative perceptions regarding the ecological services that trees provide. This has exacerbated the trend of abandoning shade and cutting large forest trees. Working with cocoa-growing communities to clarify the long-term value of ecosystems is essential.

**5. Sustainable development:** Cocoa is a forest tree by origin. Yet agroforestry is relatively new to many of the main growing areas of cocoa and has not frequently been promoted in rural agriculture strategies and policies. Historically, agroforestry schemes have taught us the challenges associated with restoring tree cover, as they have not always adequately ensured both the long-term viability of trees and the benefits for farmers. Quality tree seedlings often were not available, and in some cases, many planted trees did not survive. Agroforestry models need to be viable, and this requires a number of financial, environmental and social pre-conditions to be met.

6. Conservation: While tree planting can support local economies, even well-managed agroforests are generally poorer at locking up carbon than natural forests. Agroforestry can provide complementary conservation services, but the value of primary forests for biodiversity is irreplaceable. This cannot be forgotten. Agroforestry and productivity gains in cocoa must be linked to protection of natural forests as well. We must collectively limit cocoa expansion to lands with low environmental value and restore forests in areas with limited intensification potential.

Cargill and our partners are seeking to address all of these factors by trying innovative models, working with farmers and farmer organizations, and discovering together how agroforestry can improve farmers' livelihoods while helping to protect and restore the natural environment.

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I am at the same time a farmer, a nursery manager and a coach, which is very interesting for this type of project, as I do everything from end to end. This means that I have benefited from all Cargill trainings, from which I've learned everything, and today I am very proud of the nursery that I have created through Cargill's Green Project. In this process, I'm obviously not alone. The nursery is funded by Cargill through IMPACTUM which provides the seeds, the bags and everything needed until planting on the farm.

When it comes to the nursery piece of my job, this is how I proceed: I begin by filling the bags with soil that I water with a mixture of water and bleach in order to disinfect the soil. Then I wait a week before sowing. For a week, I water every morning. When the seeds start to germinate, I change the watering program to once a day in the evening, for two to three weeks. When the cotyledons fall, I decrease the watering and monitor my plants. I treat them with crop protection products in case of pests, or fertilizers if leaves are not green enough. Plant development and deliveries widely differ among species of trees from two to six months. Before making the delivery I will go to the farm where the plants will be installed and check that it is clean. I also check what species are already on-site. Preparing the plot must be done and a consensus must be reached with the farmer. Then a report is sent out to IMPACTUM which gives the "OK" and plans the delivery. It is then that my work as a coach comes into play for the follow-up and report to IMPACTUM.

It's a very rewarding job because things change all the time. But I must say there are also challenges... for example, during the dry season of this year our well was dry and we had to fetch water...

I really like this new aspect of my work. Because I know that I bring something to nature, to the essence of life! People may someday say: "The farm was badly off before, and now it has become that leafy!!!... And all this, thanks to this gentleman!... Ulike this idea."

> Jean Jacques Kouadio Koffi Nurseryman at Green Project





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Goal 4

# **Consumer Confidence**

We know we must earn the trust of everyone who enjoys our products around the world. Cargill Cocoa & Chocolate uses cutting-edge technologies to create transparency and connect with customers and their consumers to show how cocoa and chocolate produced the right way really does make a difference.

Goal 4 **Consumer Confidence** 



# 100%

In Ghana, we have achieved 100% traceability to the farmers in our direct supply chain

farmer organizations in Côte d'Ivoire – or 45% of those we work with - are participating in our Cooperative Management System

of our bean volumes are sourced as third-party certified sustainable

100%

Number of farmers that have opened bank accounts in Brazil

Number of farmers receiving premium through bank accounts in Indonesia



## 110k farmers worldwide have had their farms GPS polygon mapped

# €49.5m

of customer and donor contributions received and directed to Cargill Cocoa Promise programs, and premiums paid to farmers in five origin countries

66

At Farmforce we believe in technology as a way to build trust and transparency down to the field level in smallholder supply chains... +



Conscious consumption has become a clear influencer for consumer purchasing decisions. People want to make decisions with a clear conscience and the knowledge they are doing the right thing. They see their product choices as a reflection of who they are and what they value - and want to see the issues they care about acknowledged in the brands they buy.

100% farmer-to-plant traceability of our cocoa beans.

100% of chocolate ingredients sourced in line with our sustainability code of conduct.

We seek to provide clear, robust and transparent information, powered by technology for both simple transactions and complex analyses. As the quality of this information improves, consumers have greater confidence, and demand for sustainable cocoa goes up. This cycle will help hold everyone to a higher standard and move our industry forward. We also partner with third-party certifiers like Rainforest Alliance and Fairtrade to further validate our sustainability work and our products.

Understanding the full length of our supply chain is the key to traceability - and greater transparency for those who want to know. Allowing us to better understand the environmental and social conditions under which those beans were produced, and then follow them all the way to end product.



Our third-party certified volumes continue to grow, demonstrating that customers and consumers value responsibly produced cocoa and chocolate. This gives us good reason to continue expanding our sustainability programs going forward. Doing so will require us to build strong capacities for gathering and analyzing fragmented data from diverse sources.



We are continuing to expand our traceability and sustainable certification programs, as well as the technology that underpins them. By making our processes and systems more robust, we provide more resources to our supply chain partners and greater confidence to customers and consumers.



Ð **Discover more** 



At Farmforce we believe in technology as a way to build trust and transparency down to the field level in smallholder supply chains. It is very exciting for us to provide solutions in partnership with Cargill to address some of the most serious and persistent sustainability challenges in the cocoa supply chain. We especially appreciate working with a partner as professional and dedicated as Cargill, who can use our platform to deliver real change at scale.

> Anne Jorun Aas Farmforce, Chief Executive Officer



### Context

Cargill partnered with GfK Consumer Life and carried out a data-driven proprietary trends analysis with the aim to develop a global perspective on what drives consumer decisions more broadly and also specifically for food and beverages. The analysis identified four macro trends that drive consumer purchase decisions and nine food and beverage trends.



FOOD & BEVERAGE TRENDS



Introduction

armer Livelihoods Comr

Community Wellbeing Protect c

Protect our Planet Consume

### **Programs & progress**

Our Cooperative Management System (CMS) in Côte d'Ivoire is an example of how our approach to traceability comes to life. Each farmer in a participating cooperative has a unique code, and his or her farm is GPS polygon mapped. As bags of cocoa are delivered by farmers, they are individually labeled with a barcode and tracked through our system, so our customers and consumers can ultimately know the source of their cocoa. A similar system for first-mile traceability is now deployed in Ghana (see graphic below), and others are being developed for our remaining direct origination countries of Brazil, Cameroon and Indonesia.

However, this system goes beyond achieving traceability but is a full interface between the farmer and the buyer. It enables farmers to manage loans, stalks, collect beans, check fixed versus variable costs. Therefore, this system helps professionalize farmers in how they sell and manage their cocoa as well as their finances. We are now using mobile money so farmers can be assured of being paid accurately and securely. Digital payments are fully deployed in our operations in Ghana and several pilot programs have been developed in Côte d'Ivoire.



#### Impact and learnings

Setting up our CMS in Côte d'Ivoire has only reinforced that the strong commitment of supply chain partners, such as farmer organization leaders, is essential for our traceability programs to work. Digitizing the large and fragmented amount of data needed to create traceability in our supply chain can be a challenge. Cooperative leaders are our true partners in this process and have the strongest ability to drive adoption and ensure data quality.

Because we know that a one-size-fits-all model will not work, we are also using tailored software solutions to meet the needs of specific regions and stakeholders. Meanwhile, we are developing a platform that integrates all of our sustainability data from different sources, in order to get a comprehensive, global view of the impact of our sustainability programs.

In total, we are investing more than \$2 million this year in our technology roadmap to achieve these outcomes.



#### **Next steps**

Our efforts going forward are targeted across the different dimensions of transparency:

**Physical traceability:** This year, we are piloting farm management solutions in Brazil and a traceability app for farmers in Indonesia. By the end of 2019, we aim to GPS polygon map all the farms of the farmers in Côte d'Ivoire and Ghana from whom we source cocoa. And by 2020, all of our partner cooperatives in Côte d'Ivoire will be using our CMS.

**Impact transparency:** This year, we are taking our reporting to the next level by providing customers with personalized access to real-time data and information about their supply chains. As we gather more robust data from our traceability programs, we will be able to share a more detailed view of our impact with partners such as NGOs, governments and community leaders.

**Financial transparency:** For the current crop year, we are targeting reaching about 24,000 farmers each in both Côte d'Ivoire and Ghana with mobile money. We are also developing a digital payment solution that will work with all of our supply chain partners regardless of who their financial service providers are.

**Reporting and accountability:** For all of our sustainability goals, we will develop strategic action plans that will set out how we will achieve them, and to measure our progress. We will share both our progress and our challenges and learnings with our stakeholders.

## Goal 4 Consumer Confidence

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# Our ambition for a fully transparent supply chain









Achieving our commitments to a deforestationfree supply chain and 100% farm-to-plant traceability for directly sourced cocoa beans means working toward greater transparency for the cocoa supply chain, engaging with local communities and leveraging innovative technology.

#### Supply chain transparency

Building confidence requires us to help customers and consumers see all the way back to their cocoa's point of origin. Here are the ways that our approach is coming to life at the very first steps of the supply chain, including right on farms:

#### Physical transparency

Using GPS polygon mapping technology, we have already mapped the farms of more than 110,000 farmers.

In Ghana, 100% of the farmers in our direct supply chain are registered with our First-Mile Traceability program. By 2020, we are aiming to achieve the same total coverage in Côte d'Ivoire. Today, 45% of the cooperatives we work with in that country are participating, a number we expect to go up to 59% by later this year.

#### Financial transparency

After the beans have been delivered, weighed and tagged, farmers are immediately paid via e-money. Mobile banking makes payments to farmers safer and more transparent. It also creates a digital credit history for farmers, which improves their ability to access additional sources of financing. By 2022, it is anticipated that 80,000 cocoa farmers in our direct supply chain in Ghana will benefit from electronic payment and tracking.

#### Impact transparency

To ensure our efforts are effective, accurate measurement and reporting are essential. Our Monitoring and Evaluation System measures a range of performance indicators using internal and external data verification processes and digital solutions. It gives us detailed information on farm productivity and profitability, cultivation methods and fertilizers used, replanting activities and the use of shade trees, and a wealth of information about farming families and communities. All of this allows us to track, adapt and expand our sustainability interventions as necessary.

### Reporting and accountability

In addition to our internal systems, we currently work with two trusted independent certification programs: Fairtrade and Rainforest Alliance/ UTZ. When customers and end consumers see these labels on products they buy, they can be confident they were produced under certain sustainable conditions.



#### **Cooperative Management System**

In Côte d'Ivoire, we have taken things a step further by providing 57 cooperatives with a Cooperative Management System (CMS) that centralizes inventory information, payment flows and financial operations. This innovative solution allows cooperatives to physically track the cocca beans they manage back to individual farms, make data-driven business decisions, and prevent beans from deforested areas from entering the supply chain. It is powered by Farmforce and made possible with support of the Farm & Coop Investment Program (FCIP) of IDH – The Sustainable Trade Initiative.

Our CMS is an essential element in achieving our goal to transform the industry, and partnerships with farmer organizations are at the heart of the Cargill Cocoa Promise. Our goal in 2019 is to add 18 additional cooperatives to the program. We will expand the system to all our partner cooperatives by 2020.



Introduction

By 2022, it is anticipated that 80,000 cocoa farmers in our direct supply chain in Ghana will benefit from electronic payment and tracking

#### Lessons learned

Goal 4

Consumer Confidence

Through our efforts to build a traceable supply chain, we have learned that success can only be achieved with the right people in place. Local support and expertise is crucial. We have expanded the team in Côte d'Ivoire to ensure technical staff are available on the ground to support projects and address challenges in a timely manner.

A system is only as good as its data. Monitoring that data and understanding how users engage with the system is crucial, especially when those users are participating in a changing process. We have dedicated staff and an independent third-party verifier to confirm that our CMS is implemented to the highest standards. We also know that proper training is essential. We started with a two-day training on-site for cooperatives, but moved to a more intensive one-week training session off-site to give cooperatives sufficient time to learn and practice.

Consumer Confidence

Our efforts are laying the foundation for a new era of consumer confidence, where customers and consumers can truly understand where their cocoa and chocolate comes from, and that it was made in a safe, responsible and sustainable way.



We will implement the system with all our partner cooperatives by 2020



nfidence Transformation, Togeth

#### Farmforce: Real-time, digital bag-level traceability

In 2017, Cargill Cocoa & Chocolate partnered with Farmforce to deploy software at cooperatives aimed at enabling barcode-based, bag-level traceability back to individual farmers in Côte d'Ivoire. The tool allows cooperatives to physically track the cocoa beans they manage back to individual farms, make data-driven business decisions, and prevent beans from deforested areas entering into the supply chain. In this way, farmer cooperatives act as first responders in monitoring and mitigating any risk of sourcing from protected areas.

Now in the scale-up phase, Farmforce and Cargill are on track to have the platform live in all 130 Côte d'Ivoire cooperatives with 120,000+ smallholder cocoa farmers in 2020. This will be a huge achievement in first-mile traceability and having visibility down to the field level.

Aggregating this data into actionable information also gives Cargill the opportunity to have a deeper understanding of the first mile of its cocoa supply chain. This way we can ensure that certified sustainable cocoa is grown to their high standards.

The project was funded by Cargill, IDH - The Sustainable Trade Initiative and by the participating cooperatives themselves who decided to reinvest their sustainability premiums into this innovative system.



Goal 4

Consumer Confidence

Responsible Business



#### Sustainable coconut oil coatings and fillings

Connecting customers to sustainable ingredients

Spotlight

2,500 So far, 2,500 farmers have completed the training, which has helped them increase their productivity and diversify their sources of revenue



#### Around the world, demand is growing for products made with sustainably sourced ingredients. Consumers want to know that their favourite products contain ingredients that were made with respect for people, animals and the

environment.

As just one part of our ambition to provide sustainable chocolate ingredients beyond cocoa, we aim to offer a variety of coconut ingredients as part of our coatings, fillings and chocolate portfolios. It is part of Cargill's larger commitment to help thousands of smallholder coconut farmers improve their livelihoods, while helping to secure and strengthen a sustainable coconut supply chain. It's also an example of how we, as Cargill Cocoa & Chocolate, can offer more value to our customers and support them to accomplish their sustainability goals thanks to the far-reaching scale, capabilities and expertise of Cargill.

Cargill Cocoa & Chocolate has taken steps to become the first in the world to offer coatings and fillings including coconut oil sourced from Rainforest Alliance Certified<sup>™</sup> farms on a mass balance basis\*. This is used as an ingredient in our coatings and fillings relevant for ice cream, confectionery and bakery applications.

# Read more from the Rainforest Alliance

\* Mass balance means Cargill purchases a volume of coconut oil from Rainforest Alliance Certified farms equivalent to the volume used in these products to help protect forests and ensure sustainable livelihoods.

## Training smallholders in sustainability certification standards

Most of the coconuts used for oil extraction are grown in Indonesia and the Philippines. Similar to the cocoa sector, the majority of coconut producers are smallholder farmers, whose fields measure less than four hectares on average. They often lack access to financial and technical knowledge, which can affect their yields and prosperity. Smallholders also face high costs in bringing their products to the market.

Cargill has joined together with BASF, Procter & Gamble (P&G) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as well as a number of national and regional partners, to address these issues and ensure that sustainability is integrated into the coconut oil supply chain. Within the framework of develoPPP.de, a program of the German Federal Ministry of Economic Cooperation and Development (BMZ), these partners have been working since 2011 to increase the incomes and economic self-sufficiency of smallholder farmers.

#### Scaling up a sustainable business model

Since its inception, the project has expanded in both its geographical and thematic scope, with the goal of enhancing farmers' financial and managerial skills while also equipping them with the expertise needed to pass the audit of an independent certification body. So far, 2,500 farmers have completed the training, which has helped them increase their productivity and diversify their sources of revenue. The project partners intend to train around 3.300 total farmers on the Rainforest Alliance Sustainable Agriculture Standard by the end of 2019, with the aim of increasing their net income by 5% to 10%. About 1,350 farmers are expected to be producing coconuts on Rainforest Alliance Certified<sup>™</sup> farms by that time.

The project partners intend to train around 3,300 total farmers by the end of 2019, with the aim of increasing their net income by 5% to 10%. About 1,350 farmers are expected to be producing Rainforest Alliance Certified<sup>™</sup> coconuts by this time.

Results so far are promising, and learnings are available to help replicate success elsewhere. Already, the Philippines Coconut Authority is rolling out the curriculum in other parts of the country. Awareness is growing that a sustainable business model for producing coconut oil is not only desirable, but also highly achievable.  $\bigcirc$ 

### Goal 5

# Transformation, Together

The journey toward sector-wide sustainability is far greater than the actions or interests of any one company. We all have a role to play. Cargill Cocoa & Chocolate is working closely with farmer organizations as well as competitors, customers, NGOs and smallholders alike, connecting our individual strengths to contribute to achieving a goal that is in all of our interests: a fair and secure cocoa supply chain.

Goal 5 Transformation, Together

In Côte d'Ivoire, 85 cooperatives - or 65% of the total we source from - have had leaders go through the Coop Academy



Cargill's longstanding partnership with CARE – which goes back nearly 60 years - is a testament to our shared commitment to helping smallholder farmers achieve more prosperous and resilient lives... +

#### Context

processors and consumer brands. communities, foster sustainable By connecting our expertise and

#### Targets

Use the power of partnership to achieve our targets for our other transformation in a way that could

#### Approach

**Programs & progress** Foundational is the work we do with our partner farmer to play a crucial role in achieving our ambitions. By supporting and complement with the technical



Impact and learnings sustainability. Our partnerships us with a regular stream of insights

Ð Discover more

#### Next steps

push toward increasingly targeted develop sector-wide standards



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Cargill's longstanding partnership with CARE – which goes back nearly 60 years – is a testament to our shared commitment to helping smallholder farmers achieve more prosperous and resilient lives. In West Africa, CARE and Cargill have worked together with cocoa-growing communities for more than 13 years, building programs that improve access to savings and loans services, community infrastructure and education, all with a focus on empowering female farmers. For CARE, it is an opportunity to address underlying causes of poverty; for Cargill, it strengthens an important supply chain.

> Joan Garvey Lundgren Executive Director, Strategic Partnerships at CARE



Community Wellbeing Protect

#### Context

Partnerships are the backbone of our work in sustainability. We know we can achieve much more by working together with others, sharing our knowledge and learning from each other.

Our strongest partnerships are with farmer organizations. Together, we evolve long-term solutions that offer greater support to their farmer members and communities. Over time we have seen them evolve into autonomous organizations driving the core activities leading to sustainable development, which is very encouraging.

We also partner with a broad range of other organizations, including customers and suppliers, as well as financial institutions, national governments, and international industry and sustainability organizations. Among these are ANADER, CARE, WCF World Cocoa Foundation, IDH – The Sustainable Trade Initiative, International Finance Corporation, Swisscontact, and many others.



#### **Programs & progress**

We work with a number of industry associations, multi-stakeholder initiatives and other advocacy groups to drive sector transformation.

**World Cocoa Foundation (WCF):** Under the umbrella of the WCF, of which we are a leading member, CocoaAction aims to accelerate sustainability and improve the livelihoods of 300,000 cocoa farmers in Côte d'Ivoire and Ghana by 2020. It represents an industry effort to coordinate all stakeholders – farmers, suppliers, manufacturers, governments, and others – in cocoa sustainability. CocoaAction Brazil was launched in 2018.

**The Cocoa & Forests Initiative (CFI):** In 2017, together with the governments of Côte d'Ivoire and Ghana and many leading chocolate and cocoa companies – representing 85% of global cocoa usage – we launched CFI to end deforestation and restore forest areas.

**International Cocoa Initiative (ICI):** In 2016, we established a monitoring system in our cocoa supply chain to identify and protect children, especially those involved in child labor. The Child Labor Monitoring and Remediation System (CLMRS) was implemented during the reporting period in 17 cooperatives in Côte d'Ivoire, reaching more than 14,655 cocoa producers and identifying more than 2,000 cases of child labor that are now in remediation.

**CARE:** The past year marked a decade of collaboration between Cargill Cocoa & Chocolate and CARE on the Rural Development Initiative, which, along with other Cargill businesses, has spanned 10 countries in support of programs to improve food and nutrition security, increase farmer productivity and access to markets, and build more resilient and prosperous communities. Several programs in this initiative have been connected directly to cocoa supply chains.

**TechnoServe:** Current projects globally between Cargill and TechnoServe have a combined investment of \$4.3 million and are focused on improving agricultural productivity for farmers, linking smallholder farmers to a Cargill supply chain, professionalizing farmer organizations, and investing in the rural community where the projects operate. This includes working with cocoa farmers in Côte d'Ivoire.

**World Resources Institute:** Since 2015, Cargill has been working to reduce deforestation and better manage water risk across the company's various supply chains. WRI's analytical tools such as Global Forest Watch and Aqueduct Alliance provide us with data-driven insights to monitor forest change and assess supply chain risks such as droughts, floods, and water supply variability. WRI is also helping us map our cocoa supply chains using GPS.

Community Wellbeing F

### Impact and learnings

When working with multiple stakeholders, learnings are a fundamental part of the process. This means not only learning about the external impact our collaboration may have but also assessing how the collaboration can be as efficient and outcome as rich as possible. This means developing strategies for connecting knowledge management, learning, and communications as well as ways to encourage dialogue between project teams and address continuous improvements to ways of collaborating.



#### Next steps

In 2019, we started the first phase of a new agroforestry project together with our implementing partner PUR Project. This organization is a social enterprise that develops socio-environmental projects with industry partners to fight climate change and preserve natural ecosystems. During the first phase, we will work with a handful of farmer communities and equip them to begin pursuing agroforestry.



Introduction

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## **Goal 5** Transformation, Together



# spotlight Taking action, side by side



Cargill's involvement in the Cocoa & Forest Initiative (CFI) is just one example of how we are working alongside a broad set of partners to drive positive change in the cocoa industry. In November 2017, we joined together with the governments of Côte d'Ivoire and Ghana, as well as other leading chocolate and cocoa companies, to eliminate cocoa-related deforestation and promote forest restoration and protection in cocoa supply chains.

CFI is a first-of-its-kind effort in which businesses, NGOs and governments have come together to work toward a common goal. This multi-stakeholder approach is important because each stakeholder makes an impact in a different way through our unique operations, locations and strategies. By coming together to share knowledge, expertise and resources, the entire industry can change course and establish an environmentally sustainable path forward.

CFI began with a collective promise, but it did not end there. Each company agreed to prepare a detailed action plan that outlines the specific steps it will take to deliver on its CFI commitments. These action plans are centered on forest protection and restoration, sustainable production and farmer livelihoods, and community engagement and social inclusion.

#### Our actions under CFI

Companywide, Cargill has been committed to eliminating deforestation from its supply chains for a number of years. In 2014, Cargill joined other companies, governments and civil society groups in signing the New York Declaration of Forests. In 2018, Cargill Cocoa & Chocolate introduced the Protect our Planet strategic action plan, which outlines the actions we are taking to achieve 100% cocoa bean traceability and includes a commitment of "no further conversion" of any forest land in Côte d'Ivoire and Ghana for cocoa production.

All of this set the stage for us to further our commitment by releasing our CFI Action Plan, which we did in early 2019. This plan spells out how we will end deforestation and work to restore forests in both countries. The full, detailed set of actions can be read here.

### View the CFI Action Plan

We know we must collectively act now to end deforestation, which is why we have begun rapidly implementing our plan. Using GPS technology, we have already polygon mapped the farms of more than 110,000 farmers within our direct supply chain globally. This helps us assess the risk of deforestation in these supply chains. We have also coached more than 121,000 farmers on how to increase yields from existing farmland, to curtail agricultural expansion into forested areas. And we have plans underway to ensure that farming communities have access to a wider range of income-generating activities and resources that helps prevent expansion into forests in the same way.

The need to act collectively to protect forests has never been clearer. We are doing our part to combat deforestation, and we are encouraged by the steps taken by others across the industry to drive sustained and long-lasting change.

Farmer cooperatives are an incredibly powerful pathway for helping individual cocoa farmers improve their operations and raise their prosperity. Cooperatives disseminate best practices; establish better access to markets, finance and inputs; and strengthen community resilience, to name a few advantages. For this reason, we have worked closely with cooperatives for years and consider them to be key partners in transforming the cocoa sector.

The success of a cooperative is largely influenced by the skills and resources available to its leaders. That's why, alongside the International Finance Corporation and other partners, we founded the Coop Academy in 2013. This is an industry-first business program to empower cooperatives and other farmer organizations with the tools to professionalize. It combines 28 days of intensive classroom training on financial and management knowledge with a year of personalized on-site coaching. To date, 980 cooperative leaders have enrolled in the Coop Academy in Côte d'Ivoire and Cameroon.

## Goal 5 Transformation, Together

## Spotlight Equipping farmer organizations to succeed

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Since the start of the project 60 cooperatives have benefited and 191 trucks have been leased. This represents more than €5.5 million in secured loans



#### Measuring impact to optimize

Introduction

As groups of cooperative leaders have gone through the Coop Academy during the past five years, we knew it would be crucial to determine the program's impact and adjust as needed. To that end, we partnered with SCOPEInsight, an independent agricultural rating agency with a dedicated mission of enabling greater farmer access to finance, markets, inputs and services.

We have been working with SCOPEInsight to closely assess the outcomes of the Coop Academy for the farmer organizations and leaders who have participated in it. We applied SCOPEInsight's proven scoring methodology, which defines and measures the professionalization of farmers and creates a common language for metrics. The management skills and business operations of cooperatives are assessed based on nine different dimensions.

Cooperatives were measured before and after their leaders went through the academy, and the results to date have been encouraging. Of the 76 cooperatives assessed so far in Côte d'Ivoire, 28 were found by SCOPEInsight to be operating at a professional level, compared to just five prior to the academy's launch. In Cameroon, 38 of the 227 cooperatives assessed were determined to be operating at a professional level, compared to none before the launch of the program. Learning from these assessments is already helping us evolve the Coop Academy for the future.

#### Financing trucks to access markets

A key to cooperatives' and farmers' success is market access for their cocoa. Securing and maintaining trucks for delivery can be a costly burden. We partnered with the International Finance Corporation (IFC) to provide partner cooperatives with commercial loans for truck leases and other logistical equipment in the Doni Doni Project.

Under this program, farmer organizations that have participated in the Coop Academy can get new trucks through a three-year leasing deal that includes insurance. Cooperatives pay 8.5% up front and then set aside a small portion of the proceeds from every kilogram of cocoa delivered into a savings fund. The interest rates they pay are significantly lower than any others that are commercially available to them.

Since the start of the project, 60 cooperatives have benefited and 191 trucks have been leased. This represents more than €5.5 million in secured loans.

Discover more

#### Next steps

We are currently developing Phase 2 of the Coop Academy with TechnoServe. This new chapter will have a stronger focus on digitalization and traceability, in line with our programs to create transparency across cocoa supply chains. In addition to helping customer and consumers have confidence in our cocoa products, this will benefit cooperatives as they have stronger data and analytics to use in making critical business decisions.



United with companies representing 85% of global cocoa production to launch action plans under CFI



Analyzed more than 200 NGO campaigns to inform our issues assessments on topics that matter to our stakeholders

#### **Doni Doni Project**

We could see new trucks passing through our region and wondered how we could someday buy new trucks of 20 million CFA francs each ourselves. That seemed impossible! Then with the assistance of Cargill, we were invited to participate in the Coop Academy. What we learned during this training changed everything for our small coop! A professionalization of our cooperative took place. Thus, "little by little", we made every necessary effort to fulfill the conditions to obtain this project and buy our two new trucks!

The changes made were visible and measurable immediately. Before the Doni Doni Project we spent a lot of money each year on various repairs of our two old trucks. Beyond the money we spent, we lost between 50 and 60 farmers each year because cocoa pickup could often take almost a week.

We have been paying off the trucks that changed our lives! Today our maintenance expenses for our new trucks are much lower. We have seen our fuel consumption drop by almost 30%. Our collection today has grown in volume and efficiency. We also managed to "take back" our farmers and attract others, moving thereby from 650 farmers in 2014 up to 780 farmers in 2017!

With the savings made so far, we have invested in education and in our internal organization. They bought land to build new warehouses. We can make loans to our farmers. Within a year, we will have paid in full our loan for our two trucks and want to be part of a new Doni Doni wave with a view to acquiring a new truck.

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I love everything that I do in my work, both on farm and in organization because I learned to be master of my farm through training and better manage men and administrations within an organization. In everyday life I like to make sure that the work is done well because it is the only guarantee for a better tomorrow.

> Kouassi Kra Secrétaire Général Adjoint, Cocoa farmer





## PROJETS

# Responsible Business

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We aim to carry out all of our operations in a safe, responsible, and sustainable way that delivers business value and mitigates our impact on the world around us.

# Operating more sustainably at every stage

Our business has a global reach, covering the entire cocoa and chocolate ingredients supply chain – from the sourcing of cocoa beans in origin countries, through to processing cocoa and other raw materials in our facilities, packaging them, and transporting them to our customers. We aim to carry out all these operations in a safe, responsible, and sustainable way that delivers business value and mitigates our impact on the world around us. To this end, our operations and supply chain teams are always looking to increase efficiency, maximize safety, and minimize our environmental footprint.

Cargill Cocoa & Chocolate is aided in this effort by Cargill's corporate sustainability hub, which has experts on climate science, water, land use and more. This hub harnesses the full power of Cargill to help all of the company's businesses as they drive sustainability efforts across their industries. It creates connections to share and scale the best ideas in Cargill's corporate sustainability priorities of farmer prosperity, climate change, land use, water resources, and food loss and waste.

#### Protecting everyone's safety

We are committed to providing all employees and contractors with safe, secure and healthy work environments. We champion a ZERO harm culture focused on eliminating incidents, managing natural resources effectively, and protecting the wellbeing of our people, the communities we operate in, and the planet.

In the past decade, Cargill has been able to reduce workplace injuries by 50% companywide by implementing certified management systems across its global locations. By 2020, Cargill aims to ensure that at least 75% of facilities are injury-free and that there are zero workplace fatalities. To achieve this, Cargill encourages all employees to speak up if and when they spot any potential safety risks, and to stop work until corrective action is taken, as part of the global SEE-SAY-STOP program.

Cargill is also a member of the Supplier Ethical Data Exchange (Sedex), which gives customers access to detailed assessments of facilities and SMETA audit reports – allowing them to monitor progress on safety, along with many other dimensions of ethical business operations.

Discover more

## Stepping up our climate action and resource management

Cargill is reducing the environmental impact of its global operations, aiming to cut absolute greenhouse gas emissions by a minimum of 10% by 2025, using a baseline from 2017. This applies to direct emissions from sources owned or controlled by Cargill, or indirect emissions generated by energy Cargill has purchased. It aligns with the Paris Agreement's ambition to limit global temperature rises to less than 1.5°C.

To reduce emissions that occur within the indirect supply chain, Cargill is also looking to set environmental standards for suppliers, advocating sustainable agriculture.



## Packaging and transporting our products more sustainably

In 2016, Cargill partnered with the World Wildlife Fund (WWF) to conduct an in-depth analysis of its global suppliers of corrugated cardboard, paper bags, and folding cartons, to understand the forest management practices behind the fibers used to make packaging. Using this baseline, Cargill works with our suppliers to eliminate any fiber from unknown forest origins or high-risk sources, and to increase the amount of credibly certified products. Cargill subsequently developed a Policy on Sustainable Fiber-based Packaging that outlines the ambition for a 100% responsibly-sourced, fiberbased packaging supply by 2025.

Cargill Cocoa & Chocolate is aware that transporting cocoa and chocolate ingredients contributes to greenhouse gas emissions and local air pollution. When making procurement decisions about suppliers, we are focused on efficient movement of our products and we are looking to further integrate environmental efficiency as a principle for supplier management.

#### Discover more

Community Wellbeing Protect

### Safety – Forklift Safety Light

A little blue light can go a long way. In many of our operational facilities and warehouses, forklifts are essential for transporting materials. To ensure the safety of both forklift operators and pedestrians in an environment often characterized by ambient noise and limiting visibility, blue lights are attached to the rear of each forklift, ensuring employees are aware of moving vehicles at all times.



#### Powering our processing facility in Ghana through solar energy

By 2020, Cargill aims to increase the percentage of renewables within its global energy portfolio to 18%. To this end, in 2017, we inaugurated a fullyautomated, digital, solar power facility at our cocoa plant in Tema, Ghana, which can produce 764MWh of electricity annually. This is equivalent to powering nearly 400 homes for a year.

This innovative power facility is just one of the solutions we have implemented at our Tema site to improve energy efficiency. Other projects have included the installation of LED lighting, an energy-efficient grinding facility, and a biomass boiler. Collectively, all four projects at Tema have resulted in a 32% decrease in energy consumption, a 71% reduction of  $CO_2$  emissions, and an increase in renewable energy generation to 66%.



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# Governance & Philanthropy

#### Conducting our business with integrity

Cargill's employee Code of Conduct and its corresponding Supplier Code of Conduct outline standards for conducting business throughout the world. They are based on the company's seven Guiding Principles, which are ingrained in Cargill's culture and serve as the foundation for the behaviors expected from all employees, contractors and suppliers, including those connected to Cargill Cocoa & Chocolate.

These Guiding Principles are:

- 1. We obey the law
- 2. We conduct our business with integrity
- 3. We keep accurate and honest records
- 4. We honor our business obligations
- 5. We treat people with dignity and respect
- 6. We protect Cargill's information, assets and interests
- 7. We are committed to being a responsible global citizen
- Discover more
- **E** View our Supplier Code of Conduct

#### Unlocking the potential of all team members

As a truly global company operating in 70 countries with 155,000 employees, Cargill recognizes that diverse teams make a stronger organization. The company is proud of building bridges across different geographies, languages, and life experiences to establish a common culture of respect and understanding.

Cargill believes that diverse teams make for stronger, more inclusive, and more successful organizations. To create better outcomes and drive innovation in the cocoa sector, it is vital that all employees within Cargill Cocoa & Chocolate are able to pursue their own potential.

To this end, we foster a workplace culture where everyone can feel safe to express themselves, regardless of role, location, or background. We maintain a strict zero-tolerance policy for harassment, and we investigate all concerns raised to us in a serious, thorough and confidential manner. Cargill has a secure, companywide ethics hotline, managed by a third party, that allows employees as well as third parties to anonymously report any issues.

#### **Building thriving communities**

**Discover more** 

Cargill Cocoa & Chocolate invests in the communities where our employees live and work to promote sustainable economic development and to improve community resilience, with the goal to devote 1% of our profits to communitybased projects. We also partner with local and international NGOs alike to broaden our impact on core issues of food security, nutrition, and sustainability.









#### Cargill policies on human rights

Cargill is committed to treating people with dignity and respect in the workplace and in the communities where the company does business. Cargill promotes and respects human rights as outlined in the Universal Declaration of Human Rights and the UN Sustainable Development Goals. The company is a participant in the UN Global Compact and takes guidance from the UN Guiding Principles on Business and Human Rights and the International Labour Organisation Fundamental Principles and Rights at Work. These frameworks call on Cargill to engage in due diligence and take action to remedy issues where identified in its workplaces, supply chains and extended communities.

Cargill's purpose is to nourish the world in a safe, responsible and sustainable way. The company aspires to be the most trusted source of products and services across the agricultural, food, industrial and financial markets it serves. As a result of the diverse regions and industries Cargill operates in, the company aims to operationalize this Commitment in three key areas: at work, in supply chains, and in extended communities.

This Commitment contains overarching principles that are embedded into Cargill's policies and systems. Material impacts are further outlined and addressed through specific supply chain commitments.

Cargill Cocoa & Chocolate fully supports and adheres to these commitments.

**View our policies on human rights** 

#### The Cargill Community Kitchen at the Milwaukee Public Library

In 2017, several Cargill businesses announced plans to develop a community kitchen at the Milwaukee Public Library in the U.S. state of Wisconsin – an area where we have a chocolate facility. This library was chosen for its outstanding efforts in engaging the local community around important issues such as climate change and nutrition. Activities organized at the library have included raising awareness on the environmental impact of everyone's diets and developing community-based nutrition programs.

The Cargill Community Kitchen was officially unveiled in August 2018. Today, it provides a meaningful place for neighbors to meet and learn together about cooking, nutrition and healthy diets. We have also created special cooking classes to further engage the community, and our chocolate-cooking classes are expected to start by the end of 2019.



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# General standard disclosures

GRI standard	Disclosure number	Disclosure name	Description	Cross reference, answer or additional information
1. Organizational profile	102-1	Name of the organization	a. Name of the organization.	Cargill Cocoa & Chocolate. Front cover.
	102-2	Activities, brands, products, and services	<ul><li>a. A description of the organization's activities.</li><li>b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.</li></ul>	<ul> <li>a. Cargill Cocoa &amp; Chocolate creates cocoa and chocolate products for chocolate, confectionery and food manufacturers across the globe – producing cocoa powder, cocoa butter and cocoa liquor as well as chocolate, coatings and fillings for industrial applications.</li> <li>b. With specialists at every stage in the production process – from farm to factory – Cargill Cocoa &amp; Chocolate crafts cocoa and chocolate products for a wide range of applications including confectionery, bakery, cereals, desserts, dry mixes, ice cream and dairy. For more information visit: https://www.cargill.com/food-beverage/cocoa-chocolate/products</li> </ul>
	102-3	Location of headquarters	a. Location of the organization's headquarters.	With global headquarters in Minneapolis, Minnesota (USA), Cargill was founded in 1856 and now operates in 70 countries, employing 155,000 people worldwide. Cargill Cocoa & Chocolate has its headquarters in Schiphol, the Netherlands. Address: Evert van de Beekstraat 378, 1118 CZ Luchthaven Schiphol Phone: +21205006000
	102-4	Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	Cargill is present in 70 countries and 155,000 colleagues. Cargill Cocoa & Chocolate is present in 47 locations. Please note that the core of the Sustainability Annual Report will be Cargill Cocoa & Chocolate. The five countries that the report will be mainly focusing on are: Côte d'Ivoire, Ghana, Cameroon, Indonesia and Brazil.
	102-5	Ownership and legal form	a. Nature of ownership and legal form.	Cargill Cocoa & Chocolate (CCC) operates within Food Ingredients & Bio-Industrial (FIBI), one of Cargill's five operating units.
	102-6	Markets served	<ul> <li>a. Markets served, including:</li> <li>i. geographic locations where products and services are offered;</li> <li>ii. sectors served;</li> <li>iii.types of customers and beneficiaries.</li> </ul>	<ul> <li>a. i. https://www.cargill.com/food-beverage/cocoa-chocolate/locations</li> <li>ii. https://www.cargill.com/food-beverage/cocoa-chocolate/products</li> <li>iii. https://www.cargill.com/food-beverage/cocoa-chocolate/products</li> </ul>

Community Wellbeing Prote

GRI standard	Disclosure number	Disclosure name	Description	Cross reference, answer or additional information
1. Organizational profile continued	102-7	Scale of the organization	<ul> <li>a. Scale of the organization, including: <ol> <li>total number of employees;</li> <li>total number of operations;</li> <li>net sales (for private sector organizations) or net revenues (for public sector organizations);</li> <li>total capitalization (for private sector organizations) broken down in terms of debt and equity;</li> <li>v. quantity of products or services provided.</li> </ol></li></ul>	<ul> <li>a. i. 3,437 employees for Cargill Cocoa &amp; Chocolate &amp; fiscal year 1718 (June 2017 – May 2018) – see attached</li> <li>ii. 7</li> <li>iii.Omitted – confidentiality constraints for Cargill Cocoa &amp; Chocolate</li> <li>iv.Omitted – confidentiality constraints for Cargill Cocoa &amp; Chocolate</li> <li>v. Omitted – confidentiality constraints for Cargill Cocoa &amp; Chocolate</li> </ul>
	102-8	Information on employees and other workers	<ul> <li>a. Total number of employees by employment contract (permanent and temporary), by gender.</li> <li>b. Total number of employees by employment contract (permanent and temporary), by region.</li> <li>c. Total number of employees by employment type (full-time and part-time), by gender.</li> <li>d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.</li> <li>e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).</li> <li>f. An explanation of how the data have been compiled, including any assumptions made.</li> </ul>	<ul> <li>a. Omitted – not available</li> <li>b. Cocoa Europe: 497, Central Costs: 50, Chocolate Europe: 844, Cocoa West Africa: 683, Cocoa Asia: 260, Brazil: 377, North America: 726 – Not available by employment type</li> <li>c. Full-time: 3,062, Part-time: 375 – not available by gender</li> <li>d. Omitted – not applicable</li> <li>e. Omitted – not applicable</li> <li>f. FTE 2018 is calculated as of average of FTE per months</li> </ul>
	102-9	Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	Introduction, p.5. For more information visit https://www.cargill.com/ food-beverage/cocoa-chocolate/responsible-supply-chain
	102-10	Significant changes to the organization and its supply chain	<ul> <li>a. Significant changes to the organization's size, structure, ownership, or supply chain, including:</li> <li>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;</li> <li>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);</li> <li>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.</li> </ul>	<ul> <li>a. i. Cargill is present in 70 countries and 155,000 colleagues. Cargill Cocoa &amp; Chocolate is present in 47 locations</li> <li>ii. Omitted – not applicable</li> <li>iii.Omitted – not applicable</li> </ul>

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Farmer Livelihoods Community Wellbeing

Protect our Planet

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GRI standard	Disclosure number	Disclosure name	Description	Cross reference, answer or additional information
1. Organizational profile continued	102-11	Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.	We believe strongly in engaging employees and promoting responsible behavior from each and every one. Our activities are steered by Cargill's Guiding Principles, which articulate our ethical standards, operating principles, corporate culture and expectations of employees. The precautionary approach is embedded in these guidelines, bringing sustainability into everyday business.
	102-12	External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	Governance and philanthropy, p.31. For more information visit https://www.cargill.com/sustainability/cocoa/partnerships https://www.cargill.com/sustainability/partners Cargill-wide initiatives such as Global Compact, the World Business Council for Sustainable Development.
	102-13	Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	Governance and philanthropy, p.31. UN Global Compact, World Business Council for Sustainable Development.
2. Strategy	102-14	Statement from senior decision- maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	President's Welcome, p.1.
3. Ethics & integrity	102-16	Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.	For more information visit https://www.cargill.com/about/supplier-code-of-conduct
4. Governance	102-18	Governance structure	<ul><li>a. Governance structure of the organization, including committees of the highest governance body.</li><li>b. Committees responsible for decision-making on economic, environmental, and social topics.</li></ul>	For more information visit a. https://www.cargill.com/sustainability/cocoa/governance b. https://www.cargill.com/about/executive-team
5. Stakeholder engagement	102-40	List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	Our stakeholders are: Employees, Candidates, Governments, Shareholders, Communities (where we operate so includes Farmers), Civil Society Organizations, Suppliers including cooperatives, Customers, Media, Consumers

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GRI	Disclosure	Disclosure	Description	Cross reference, answer
standard	number	name		or additional information
5. Stakeholder engagement continued	102-41	Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	100%
	102-42	Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	We try at all times to understand and respond to our stakeholders' interests. Doing so helps us to fulfil our purpose to nourish the world in a safe and responsible way. It is also one of the most important tools we have in supporting our mission to be the most trusted partner. This is why we do all we can to create connections with and between our many different stakeholders, including employees, customers, suppliers, policy makers, local communities, employees, industry bodies and civil society including NGOs, academia, and end consumers. Our approach to stakeholder engagement is to concentrate on entities or individuals that can reasonably be expected to significantly affect or be affected by Cargill's activities, products, or services; and whose actions can reasonably be expected to affect the ability of the business to successfully implement its strategies and achieve its objectives.
	102-43	Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<ul> <li>Cargill operates throughout the value chain. Due to the nature of our business we engage with stakeholders every day, at every level. Some of the many ways we engage and consult with our stakeholders include, but are not limited to:</li> <li>Progress meetings with key customers focused on sustainability</li> <li>Training, meetings with cooperatives and farmer organizations</li> <li>Local community engagement directly and through partner organizations</li> <li>Direct correspondence and conversation</li> <li>Forums and conferences</li> <li>Presentations and newsletters</li> <li>One-to-one consultations</li> <li>Social media</li> </ul>
	102-44	Key topics and concerns raised	<ul> <li>a. Key topics and concerns that have been raised through stakeholder engagement, including:</li> <li>i. how the organization has responded to those key topics and concerns, including through its reporting;</li> <li>ii. the stakeholder groups that raised each of the key topics and concerns.</li> </ul>	<ul> <li>a. – Value distribution across supply chain</li> <li>– Environmental due diligence (deforestation)</li> <li>– Social due diligence (eradicate child labor)</li> <li>– Undesired substances</li> <li>– Sustainability criteria consuming countries</li> </ul>

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GRI standard	Disclosure number	Disclosure name	Description	Cross reference, answer or additional information
6. Reporting	102-45	Entities	a. A list of all entities included in the organization's	a. Omitted – information not available
practice		included in the consolidated financial statements	<ul><li>consolidated financial statements or equivalent documents.</li><li>b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</li></ul>	b. Omitted – information not available
	102-46	Defining report content and topic Boundaries	<ul><li>a. An explanation of the process for defining the report content and the topic Boundaries.</li><li>b. An explanation of how the organization has implemented the Reporting Principles for defining report content.</li></ul>	Reporting approach following materiality as per below: This report describes how we responded during 2018 to the issues that are most material to our stakeholders and our business. To determine their materiality, we used a multi-stage engagement process with stakeholders from across all our countries of operation, our focus areas and the value chain.
				In doing so, we followed this process:
				<ol> <li>Identify – We developed a new long list of issues, using desktop research that included reviews of internal risk and strategy presentations, peer reports, NGO monitoring, industry standards and external benchmarks.</li> </ol>
				<ol> <li>Review – We prioritized and condensed the list by using an internal survey with senior leadership and interviews across the business.</li> </ol>
				<ol> <li>Engage – Issues were further discussed and prioritized in a series of interviews with external stakeholders from a range of groups, focus areas and countries.</li> </ol>
				<ol> <li>Determine – Based on the feedback, we used an internal workshop with senior managers to review the selected issues based on their importance to the business and external stakeholders.</li> </ol>
				<ol> <li>Verify – The final list of material issues was presented and discussed with the Leadership Team.</li> </ol>
	102-47	List of material topics	a. A list of the material topics identified in the process for defining report content.	Omitted – not applicable

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GRI standard	Disclosure number	Disclosure name	Description	Cross reference, answer or additional information		
6. Reporting practice continued	102-48	Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	In 2017, we introduced five goals underpinned by measurable targets to be reached by 2030 (https://www.cargill.com/sustainability/cocoa/ re-defining-our-goals). They also cement our commitment to delivering the UN Sustainable Development Goals. In 2018, we launched our Protect our Planet Strategic Action Plan laying out our actions for eliminating deforestation from our cocoa supply chain (https://www. cargill.com/2018/cargill-outlines-plan-to-end-cocoa-deforestation). Our ambition is to finalize and introduce four additional Strategic Action Plans, one for each of our goals within the coming months. The Annual Sustainability Report 2017/2018 will be focusing on the ways we achieved the goals that we introduced in 2017.		
	102-49	Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	Omitted – not applicable		
	102-50	Reporting period	a. Reporting period for the information provided.	Crop Year 2017/2018 (Beg. October 2017 – End of September 2018) Fiscal Year 2017/2018 (June 2017–May 2018)		
	102-51	Date of most recent report	a. If applicable, the date of the most recent previous report.	May-17		
	102-52	Reporting cycle	a. Reporting cycle.	On an annual basis		
	102-53	Contact point for questions regarding the report	<ul> <li>The contact point for questions regarding the report or its contents.</li> </ul>	cargill_chocolate@cargill.com		
	102-54	Claims of reporting in accordance with the GRI Standards	<ul> <li>a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either:</li> <li>i. "This report has been prepared in accordance with the GRI Standards: Core option";</li> <li>ii. "This report has been prepared in accordance with the GRI Standards: Comprehensive option".</li> </ul>	Omitted – not applicable		

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GRI standard	Disclosure number	Disclosure name	Description	Cross reference, answer or additional information
6. Reporting practice continued	102-55	GRI content index	<ul> <li>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.</li> <li>b. For each disclosure, the content index shall include: <ol> <li>the number of the disclosure (for disclosures covered by the GRI Standards);</li> <li>the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;</li> <li>iii.if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.</li> </ol> </li> </ul>	Omitted – not applicable
	102-56	External assurance	<ul> <li>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</li> <li>b. If the report has been externally assured: <ol> <li>A reference to the external assurance report, statements, or opinions. If not included</li> <li>in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</li> <li>The relationship between the organization and the assurance provider;</li> <li>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</li> </ol> </li> </ul>	Omitted – not applicable

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Discover more about Cargill Cocoa & Chocolate sustainability at cargill.com/connectedformore

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Cargill Cocoa & Chocolate provides high-quality cocoa and chocolate more sustainably throughout the world and brings our customers peace of mind, integrity and excitement. With balanced efforts on security of supply, sustainability projects and sensory expertise, we create a wide range of outstanding standardized and custom-made products and services. In addition, we provide our customers with extensive market knowledge. We grow a robust, fair and transparent supply chain, from bean to bar, eager to continuously shape industry standards.

To ensure a more sustainable supply of quality cocoa beans, Cargill established our own sourcing and trading operations at origin in Brazil, Cameroon, Côte d'Ivoire, Ghana and Indonesia. Our Cargill Cocoa Promise underlines our commitment to enable farmers and their communities to achieve better incomes and living standards. Our team of 3,600 passionate cocoa and chocolate experts work across 54 locations and are part of Cargill's 155,000 colleagues around the world.