



I. Introduction

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

This new public-private partnership – called [the Cocoa and Forests Initiative \(CFI\)](#) – has been organized by the World Cocoa Foundation (WCF), IDH - the Sustainable Trade Initiative, and The Prince of Wales's International Sustainability Unit (ISU). The Prince of Wales [launched CFI](#) in March 2017 in London.

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

The Governments of Côte d'Ivoire and Ghana play a critical leadership role in establishing the national strategy, enabling policy environment, and governance structure for CFI implementation. They ensure that CFI is linked to similar initiatives with other commodities, and fully aligned with the national REDD+ Strategy and other relevant national strategies and plans. They provide key operational guidance, and baseline economic, environmental, and social data, to help companies identify and plan the most effective and efficient private investment activities for CFI.

The Governments have prepared comprehensive national implementation plans ([Côte d'Ivoire](#), [Ghana](#)) that outline key public sector priorities, actions and timelines, following extensive consultation with all stakeholders. During the first year of CFI, the Governments have launched work on the key building blocks for successful CFI implementation, including important revisions to the legal framework for sustainable forest management, preparation of up-to-date boundary maps of protected areas, and collection of socio-economic and land use data for the priority investment areas.

Thirty-three companies¹, accounting for about 85% of global cocoa usage, have now joined CFI. Each company has agreed to prepare a detailed individual action plan that spells out the specific actions it will take in 2018-2022 to deliver the commitments set out in the Framework. Each company will decide for itself how to best support the achievement of the Framework objectives, based on their role in the supply chain, their corporate strategic priorities, and their cocoa sustainability goals.

Almost all companies have now completed initial action plans. These initial plans will be updated and finalized in 2019 after the governments have completed the ongoing legal and operational policy changes, the mapping of protected areas, baseline data collection, and other building blocks needed for full investment programming.²

CFI has been supported by several global development partners, including the United Kingdom's Department for International Development, the Dutch Ministry of Foreign Affairs, the German Federal Ministry of Economic Cooperation and Development, the World Bank, the International Finance Corporation, the Global Environment Facility, and the Green Commodities Program of the United Nations Development Program.

CFI is coordinated closely with a wide range of global and local environmental organizations and partnerships, including the Tropical Forest Alliance 2020, Amsterdam Declaration Partnership, Partnerships for Forests, the Rainforest Alliance, and World Resources Institute.

¹*Arysta Callivoire, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa and Chocolate, Cémoi, Chocolats Halba, Cocoonect, Cococo Chocolatiers, ECOM Group, Fazer, Ferrero, General Mills Inc., Godiva Chocolatier Inc., Guittard Chocolate Company, The Hershey Company, Indcresa, Lindt & Sprüngli Group, Marks & Spencer Food, Mars Wrigley Confectionery, Meiji Co. Ltd., Mondelez International, Nestlé, Olam Cocoa, PBC Limited, Sainsbury's, SIAT, Tesco, Toms Group, Touton, Tree Global, Unilever, Valrhona, and J.H. Whittaker & Sons*

²*The actions pending further information are marked "to be determined" in the initial company action plans*

II. What are the key commitments in CFI?

The Frameworks are structured around three critical themes of (1) forest protection and restoration, (2) sustainable production and farmers' livelihoods, and (3) community engagement and social inclusion.

The first priority is the protection and restoration of forests that have been degraded. To this end, the governments and companies have pledged no further conversion of forest land for cocoa production, and have committed to the phased elimination of illegal cocoa production and sourcing in protected areas.

Both countries are introducing a differentiated approach for improved management of forest reserves, based on the level of degradation of forests. Up-to-date maps on forest cover and land-use, socio-economic data on cocoa farmers, and detailed operational guidelines covering forest management and land-use are being developed and will be publicly disclosed.

To ensure effective implementation and monitoring of these commitments, companies have pledged to develop verifiable monitoring systems for traceability from farm to the first purchase point for their own purchases of cocoa, and to work with governments to ensure an effective national framework for traceability encompassing all traders in the supply chain.

The next critical priority is sustainable agricultural production and increased farmer incomes. These are essential pre-requisites for reducing pressure for agricultural encroachment into forests and strengthening the resilience of cocoa farmers to climate change.

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

The final area of focus is strong community engagement and social inclusion, with a particular focus on women and youth. The governments and companies have committed to full and effective consultation and participation of cocoa farmers in the design and implementation of key actions, and promotion of community-based management models for forest protection and restoration. The governments will assess and mitigate the social impacts and risks of any proposed land-use changes on affected communities.

The set of public-private actions represent unprecedented commitments on forest protection and restoration, and sustainable cocoa production and farmer livelihoods. These combined actions, which are aligned with the Paris Climate Agreement, will play a

crucial role in sequestering carbon stocks and thereby addressing global and local climate change.

III. Barry Callebaut's overall vision for the Cocoa & Forests Initiative

Barry Callebaut was one of the leading companies driving the Cocoa and Forests Initiative (CFI) Frameworks for Action. Barry Callebaut joined CFI to define a structural solution to deforestation in the cocoa supply chain in Cote d'Ivoire and Ghana. Furthermore, CFI is a crucial step to achieve our Forever Chocolate target to become forest positive by 2025.

The Frameworks for Action are truly unique, as there is no other commodity for which governments, industry and NGOs have come together to agree on concrete measures to eradicate deforestation. Cocoa related deforestation in West-Africa is caused by a combination of factors, including cocoa farmer poverty, climate change and pollution-induced low yields and challenges in enforcing forest protection laws. In order to define a structural solution to deforestation in the cocoa supply chain, many actors must work together and the CFI provides the platform for industry, governments and other stakeholders cooperating to achieve a 100% sustainable cocoa supply chain.

IV. Barry Callebaut's Action Plan

Barry Callebaut's CFI Action Plan lists the activities we are undertaking, many of which are supported technically and/or financially by our customers and partners, to fulfill both our CFI commitments and contribute to our [Forever Chocolate](#) goals of becoming forest positive by 2025. The Action Plan represents our planned activities from 2018 - 2022. The plan will be updated annually as activities progress and as the Ivorian and Ghanaian governments provide further necessary technical information (such as boundary maps) and policy directions (such as land use guidance in degraded forests). Therefore, a number of activities in these initial action plans list "to be determined" for those actions where government input is pending. The initial action plans will be revised in mid-2019 with further necessary government inputs. While a lot remains to be done, we have made progress in assessing, learning and investing, and are confidently increasing the adoption of innovative approaches to drive impact.

As one of the leading companies driving the final agreements of the CFI framework of commitments and also one of the first CFI signatories, we have continued active engagement with governments through steering committees, working groups, and regular meetings in origin countries. Through the World Cocoa Foundation (WCF) we have contributed to bi-weekly technical discussions and cooperation with other companies in the sector. Barry Callebaut's Action Plan was shared via WCF with government partners for feedback before publishing. Barry Callebaut is committed to continue its active engagement with all relevant stakeholders throughout CFI implementation.

V. Primary activities and investments

i. Forest protection and restoration

Forest protection: mapping the farms in our direct supply chain

Supported financially by our customers and partners, we have mapped 100% of the farms and warehouses in our direct supply chain in Cote d'Ivoire and Ghana at risk of sourcing from protected forest areas. This means, the mapping of all cocoa farms located within 5 km of a protected area, and all warehouses within 25km of a protected area. We have excluded any purchases from farms partly or fully within a protected area boundary. By the end of 2019, we will have mapped all the farms in Cote d'Ivoire and Ghana in our direct supply chain, establishing 100% traceability for our direct supply chain in the world's two largest cocoa producing countries.

The establishment of traceability for farms in proximity to protected areas will be complemented by:

- a harmonised risk assessment approach for all cocoa farms in Cote d'Ivoire and Ghana;
- establishment of effective national regulatory structures and legal enforcement to ensure cocoa traceability to farm level across the entire cocoa supply chain.

These tools will be developed collaboratively with governments and other sector stakeholders under the CFI.

The reporting of farms which we have found to be at risk of sourcing from National Parks and Reserves to the Ministry of Water and Forests and the Ministry of Land and Natural Resources is listed as "to be determined" in our Action Plans until the governments of Côte d'Ivoire and Ghana formally adopt the social and environmental safeguards as agreed under the CFI Frameworks for Action (expected April 2019).

To support the monitoring of our commitments and actions, we have teamed up with the [ETH Zurich \(Swiss Federal Institute of Technology\)](#) to jointly develop a satellite based system that can monitor land use change and deforestation.

Forest restoration

In addition to preventing the sourcing of cocoa from protected forest areas through traceability, Barry Callebaut is developing innovative agricultural projects with partners in Ivory Coast and Ghana to restore previous cocoa land into agroforestry farming, incorporating shade and commercial tree species. Financially supported by our customers, we have so far distributed 922'000 young cocoa seedlings for replanting in Cote d'Ivoire, and 908'000 cocoa seedlings in Ghana. Until 2022, we aim to distribute 3,2 million cocoa seedlings in Cote d'Ivoire and Ghana, of which 1 million will be distributed with the support of our customers and 2,2 million will be paid for directly by Barry Callebaut.

In fiscal year 2017/18 we have distributed almost 390'000 shade trees for replanting in Côte d'Ivoire and Ghana. The initiative is part of our Forever Chocolate approach to

supply economic shade trees to farmers in degraded areas. Until 2022, financially supported by our customers, we aim to distribute a total of 1,2 million shade trees in Cote d'Ivoire and Ghana, of which approximately 700,000 will be paid for directly by Barry Callebaut.

These programs are the direct result of the letters of intent on sustainable cocoa farming we signed in June 2018 with the Ivorian and Ghanaian governments. The purpose of these letters of intent is to work with cocoa farmers and the authorities on forest restoration in specified degraded areas to find ways of balancing cocoa farming with a biodiverse environment (agroforestry), to fight the spreading of the Cocoa Swollen Shoot Virus (CSSV) and to assess the effects of agroforestry on cocoa farmer income generation and carbon sequestration. We are currently selecting with the authorities the areas which would be suitable for such projects.

ii. Supporting sustainable agricultural production and increased farmer incomes.

Lifting cocoa farmers out of poverty is a prerequisite to end deforestation in Cote d'Ivoire and Ghana. Barry Callebaut has committed to lift 500,000 cocoa farmers out of poverty by 2025.

To prevent further deforestation and increase sustainable production of cocoa, there must be an investment into "growing more cocoa on less land". Key actions include provision of improved planting materials, training in good agricultural practices as well as the development and capacity-building of farmers' organizations.

Sustainable livelihoods and income diversification for cocoa farmers can be accelerated through food crop diversification, agricultural inter-cropping, development of mixed agroforestry systems, and other income generating activities designed to boost and diversify household income while protecting forests. Understanding the structural specificities of the farms in our supply chain is the basis to improve cocoa farmers incomes.

The polygon maps of the cocoa farms finalized so far in Cote d'Ivoire and Ghana, not only provide us information on their location, but also includes information on the size of the farm, its soil quality, productivity, and the household it supports. Our database of farm polygon maps gives us the unprecedented capability to design tailor-made Farm Business Plans and trainings on good agricultural practices. Following a multi-year approach, we advise on the best mix of seedlings and fertilizers, and support farmers to access labor on credit for each farm. Until 2022, we aim to train more than 193,000 farmers in good agricultural practices, of which 93,000 trainings are provided with the financial support of our customers, and 100,000 farmer trainings are financed through our own company programs. In addition, we will support 44,000 cocoa farmers to access financial services, of which 31,500 supported through our customers and 12,500 will be financed through our own company programs. .

Finally, to learn how we can accelerate impact on the ground, we have developed pilot projects in key cocoa sourcing countries, including Côte d'Ivoire and Ghana. Through these pilots we will verify if our approach is replicable, scalable and eventually leads to

farmers' self-sustenance. We are partnering with Wageningen University & Research, the world's leading agricultural university, which has defined the baseline and analytical framework against which we can assess the outcomes.

iii. Strong community engagement and social inclusion

Cocoa farmer communities have to be empowered to implement sustainable cocoa farming models. We will engage with the farmer communities in our supply chain on the actions required for cocoa farming which balances biodiversity and forest protection. This will be integrated into our existing cocoa farmer community engagement activities.

[Cocoa Horizons](#) is our preferred vehicle to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable, entrepreneurial farming, improved productivity, and community development, which protect nature and children. These activities enable farmers to lift themselves out of poverty, eradicate child labor, and result in a deforestation-free cocoa supply chain. Our HORIZONS cocoa and chocolate products are traceable from our warehouse all the way back to the individual farmer. Cocoa Horizons is an impact driven, sustainability program which ensures that activities are focused on relevant areas and are implemented efficiently.

The Cocoa Horizons methodology sets clear targets against which progress is measured and reported. In our fiscal year 2017/18, which runs from September 1, 2017, until 31 August 2018, premiums from the purchase of Horizons products generated CHF 10.5 million and the program reached around 70,000 farmers. Farmers participating in Cocoa Horizons have access to coaching; a Farm Business Plan; are supported to access financial services and farm services; and are supported on income diversification activities and women's empowerment.

Our Cocoa Horizons gender focussed programs work to empower women in cocoa farming communities to earn an income to break the cycle of poverty and solve a root cause of child labor: studies show that when women earn an income, they invest in their communities and their children's future. In 2018, there were almost 18'000 female farmers registered with Cocoa Horizons from Cote d'Ivoire and Ghana. The Cocoa Horizons Foundation encourages the participation of women in agroforestry training programs, enabling them to also become farmer trainers, and additionally conducts skills training which helps farmers, including women, to advance to governance positions at participating farmer groups. In 2019 and beyond, we will focus on a community centric approach, including the sensitization of more than 500 cocoa farming communities on CFI and women's empowerment programs and trainings financed directly by us. We also aim to increase our supply of farmer productivity packages, train farmers on climate smart cocoa production practices and increase installation of cocoa nurseries into communities.