



THE COCOA SNAPSHOT

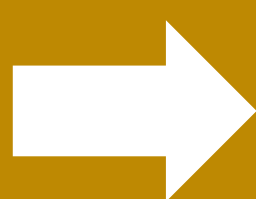
20/21 MID-YEAR REVIEW*

Bringing you news and updates about the Cocoa Horizons Program from around the world.

The Cocoa Horizons Foundation aims to improve the livelihoods of cocoa farmers while protecting children and nature. The program is currently present in Côte d'Ivoire, Ghana, Cameroon, Brazil, Indonesia, Ecuador and is now being introduced in Nigeria. As of this year, in addition to Barry Callebaut as our primary program implementer, Cocoa Horizons is partnering with a new third party implementer in Côte d'Ivoire.

Due to the Covid-19 pandemic, some activities continued to be performed in smaller groups or individually, following local precautionary measures.

*Activities from September 2020 through February 2021; interim results only, year-end performance will be third party verified by PwC.



SCALING IMPACT AND DRIVING CHANGE THROUGH PRODUCTIVITY, COMMUNITY AND ENVIRONMENTAL ACTIVITIES

THE COCOA HORIZONS PROGRAM COVERS:



PARTICIPATING FARMERS & FARMER GROUPS

- Farmer Group and Group Member requirements
- Traceability of cocoa from farmer to Barry Callebaut or third party implementer buying site
- Farmer graduations and capacity building of Farmer Groups
- Targeted cocoa productivity and income generating activities
- Targeted community activities with a focus on child protection
- Targeted environmental activities
- Transparency of premium flows

FARMER GROUP AND GROUP MEMBER REQUIREMENTS:

100% of farmer groups respect and sign:



FARMER GROUPS



The Supplier Code



The Cocoa Horizons Convention*

*including the Child Labor Charter and the Declaration on Protected Forests

- Globally **199** farmer groups delivered Horizons cocoa, a **14%** increase versus previous year.

- This represents **107,827** registered farmers.



33,197 in Ghana



1,689 in Indonesia



65,106 in Côte d'Ivoire



360 in Brazil



7,207 in Cameroon



268 in Ecuador







- The program is currently being introduced in **Nigeria**.



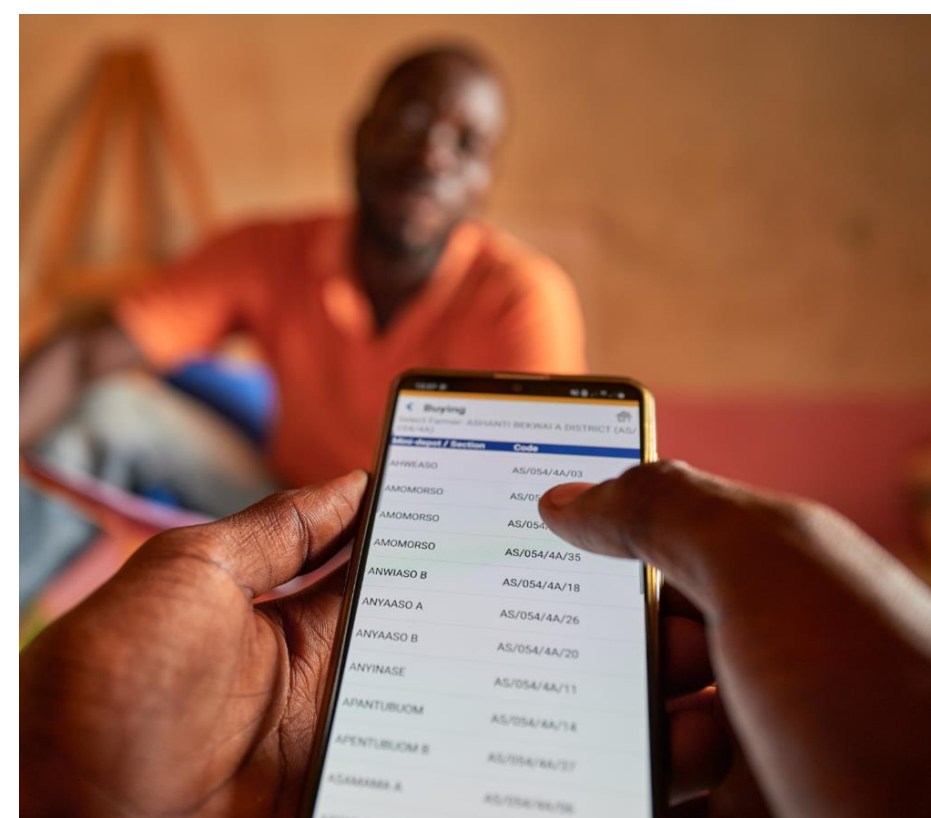
TRACEABILITY OF COCOA BEANS



- 103,452 MT of Horizons cocoa beans delivered (up 12% vs previous half year).

➔  66,382 MT in Côte d'Ivoire	➔  449 MT in Brazil
➔  19,460 MT in Ghana	➔  321 MT in Indonesia
➔  15,469 MT in Cameroon	➔  1,372 MT in Ecuador

- The majority of Horizons cocoa follows the mass balance principle. This means it is traced from farmer to first program implementer warehouse.
- Cocoa Horizons also launched a fully segregated cocoa mass: **Cocoa Horizons Inside**.



COCOA HORIZONS ACADEMY



Cocoa Horizons continues the roll out of a **farmer graduation system**. It allows the evaluation of farmer knowledge, training outcome and gaps. In this way, the program is able to refocus resources from Farmer Field schools to more individual coaching.

Good Agricultural Practices, Social and Environmental aspects are covered in the graduation test.

Until end of February 2021, **78,071** farmers have graduated (up 43% vs last year).

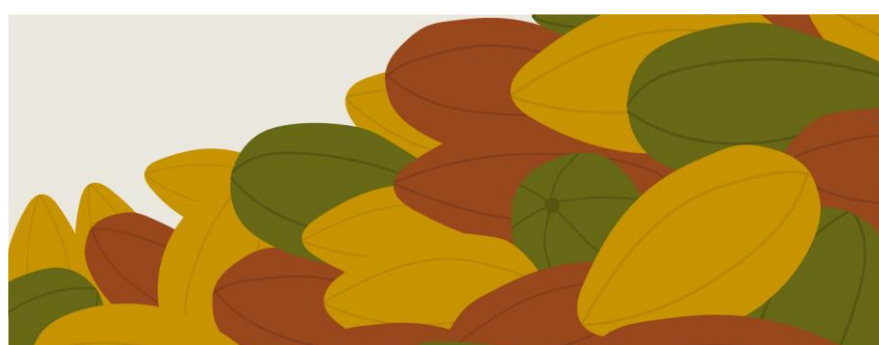
➔  29,798 in Côte d'Ivoire	➔  3,563 in Cameroon
➔  43,227 in Ghana	➔  1,483 in Indonesia

Final results of the assessment i.e. graduation results will be included in the full year report.

This process is the first step before moving into more **personalized coaching** and increasing **practice adoption**. The goal is to assess the majority of the farmers until the end of this fiscal year.







PROSPERING FARMERS



Improving productivity of cocoa farms is a key area of focus. The Farm Business Plan is the cornerstone of the process to improve the livelihoods of farmers and their communities.

Through Cocoa Horizons:

- **64,547** farmers had access to a Farm Business Plan. This is an increase of **215%** versus prior year.

➔  31,456 in Côte d'Ivoire	➔  78 in Brazil
➔  29,844 in Ghana	➔  12 in Indonesia
➔  3,145 in Cameroon	➔  12 in Ecuador

- **33,571** farmers received productivity packages, meaning a **52% adoption** from Farm Business Plan.



Income diversification

In parallel to focusing on increasing cocoa productivity, **non-cocoa income diversification is very important**. While there is not just one definitive approach to this, we continue to support farmers to implement projects to increase their income beyond cocoa. Some examples are: poultry, rabbit or vegetable farming, soap production.

COMMUNITY



Eradicating Child Labor - Risk based approach

Cocoa Horizons is applying a risk based approach. This consists of categorizing cocoa farming communities as **low, medium or high risk** based on socio-economic census data and an algorithm (leveraging knowledge from CLMRS activities) to determine priority of implementation. The interventions will be then planned and prioritized in accordance with the risk identified and the needs of the child and community.

With this approach, the resources are deployed in the most efficient way in order to eradicate child labor.

- 71 farmer groups covered by CLMRS activities or equivalent in the first 6 months and activities continue to be implemented.
- 5,602 households surveyed, with a target to cover 35,000 at the end of this fiscal year.
- 967 cases from prior year are already under remediation.



Eradicating Child Labor - Community engagement

While individual remediation is critical, **prevention activities** are needed to tackle the root causes of child labor in the long term.

- In Cameroon **sensitization of farmers and their communities via radio programs** has started.
- Due to Covid-19 limitations the Cocoa Horizons truck was not able to reach communities over the last months.

Women's Empowerment & Child Protection

The program continues to invest in women's empowerment, which has a positive impact on preventing child labor and improving household income. Until February 2021, **35,891 women** are registered Cocoa Horizons farmers, an increase of **36%** vs prior year.

A key element to empower women has been the creation and strengthening of the **Village Savings and Loan Associations (VSLAs)**. This activity helps, among other things, to promote a **child-centered approach**, build **self-confidence** in women and offer **financing solutions** for farmers.

Around **800 VSLAs** have been established mainly across Côte d'Ivoire and Ghana until last year and the target is to continue strengthening and expanding them.



ENVIRONMENT

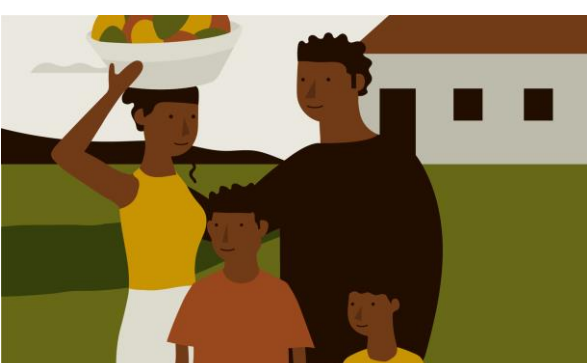


In addition to **farm mapping** to make sure the cocoa is not coming from protected areas, multiple activities are implemented with the cocoa farming communities: **environmental protection sensitization, agroforestry, cookstoves** and **shade tree distribution**.

- 2,295 cook stoves distributed
- 3,070,000 shade trees are currently under production and expected to be distributed over the next 6 months



OUTLOOK



In West Africa, farmers will see a **positive impact on their income** from the LID (Living Income Differential) as of this fiscal year, which at the same time will be partly offset by lower overall demand driven by Covid-19, as well as some limitations in certain group activities due to the latest precautions.

The Foundation's focus will remain on:

- Ensuring **100% full data** to promote higher efficiency on execution of activities;
- Embedding **increased due diligence on child labor** and forced labor across origins;
- Putting a stronger focus on **agroforestry, climate smart agriculture** and driving activities towards **carbon neutrality**;
- **Expanding the program** to new origins like Nigeria and to third party implementers.

CÔTE D’IVOIRE



JOSEPH (coach)

«Before each activity with farmers, we use to do the ‘Covid-19 minutes’ which consists of 5 minutes to explain or remind the farmers the preventive measures.»

BRAZIL



MAX

“One of the fundamental needs we have is technical guidance to succeed in cocoa farming. Cocoa Horizons supports us with techniques and advice to adjust what we’re doing wrong and focus on the things we’re doing right.”

GHANA



ESTHER

“Cocoa Horizons has taught us, the women especially, how to organize ourselves and form a VSLA (*Village Savings & Loan Association*), how to save some of our money, how to access loans, and how to invest the loans effectively into our business. Nowadays, I make and sell gari (*food preparation based on cassava*), I sell provisions, I farm tomatoes, groundnuts, tiger nuts, pepper, okra and many other vegetables, which I sell in the market.”



INDONESIA



USMAN

«This program is really helpful. With yield estimation techniques guided by the field facilitator, I understand how to forecast my income so I can develop a plan to improve my farm’s productivity.»

