



The Cocoa Snapshot 2022-2023

2023



Reshaping the future of cocoa farming

What is Cocoa Horizons?

Cocoa is typically produced by smallholder farmers in remote equatorial areas. The supply chain faces considerable challenges such as farmers with limited resources to invest on their land, high child labor prevalence, human rights abuses, aging trees, depleted soils, climate change effects, lack of basic community infrastructure such as schools, access to safe water or paved roads.

In 2015, Barry Callebaut established the Cocoa Horizons Foundation with the vision to **drive cocoa farmer prosperity by creating self-sustaining communities which protect nature and children.**

The program is implemented across 7 countries by Barry Callebaut entities. In Côte d'Ivoire, we also collaborate with Touton, Suceden and ETG to expand our activities.

Impact and transparency are at the core of our activities; that's why through our annual audited report, we share how the funds are spent to achieve tangible results for farming communities.

How do we drive change?

To drive change, we leverage collaboration and innovation by:

- Working with **experts and pioneering partners** to build on our collective strengths;
- Leveraging data and innovative solutions to **measure our impact and increase our efficiency;**
- Targeting the Foundation's expenditure towards the most needed and **impactful activities;**
- Leveraging our **boots on-the-ground** interacting directly with farmers to learn and promote necessary changes;
- Helping **drive demand** for sustainable cocoa by enabling our brand partners to engage with their consumers.

Cocoa Horizons currently accounts for 46.4% of Barry Callebaut's sustainably sourced cocoa.

To access the full progress report 2022/2023, follow this link:

<https://www.cocoa Horizons.org/reports>



By partnering with Cocoa Horizons, you support the UN Sustainable Development Goals:
<https://www.un.org/sustainabledevelopment>



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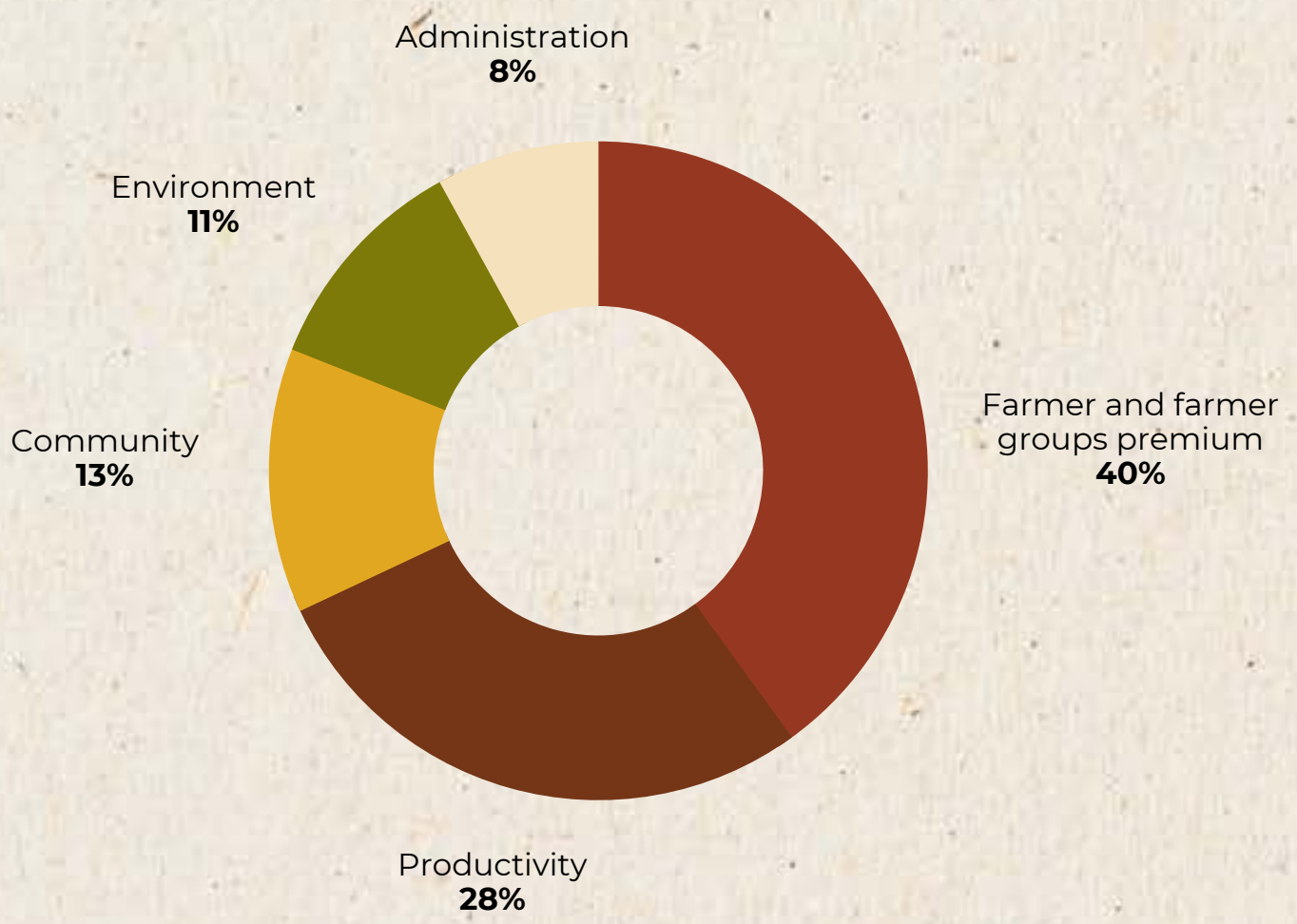
Our 2022/23 financial journey

(in CHF)

+34%
 income vs prior year
 representing 13 millions CHF
 to support our activities.

Income allocations*

Cocoa Horizons
 Program income **50,053,345**



Cocoa Horizons
 Income expenses **52,541,228**

Farmer and farmer groups premium	22,804,936
Productivity expenses	14,638,331
Community expenses	5,220,950
Environment expenses	4,836,169
Administrative expenses	5,040,841

We only fund activities that support the Foundation's purpose, that's why we invest in the areas of productivity, community, and environment in addition to farmer premiums.

For transparency purpose, this section provides details on the amount of income and expenses for 2022/23.

- Our activities were funded by a combination of:
- Funds received from customers who pay a premium when purchasing Horizons cocoa and chocolate products;
 - A CHF 4 millions donation from Barry Callebaut;
 - Unspent balances brought forward from the 2021/22 fiscal year.

The activities are implemented by Barry Callebaut employees and other partners.

Disclaimer: Premiums paid to farmers and farmer groups are based upon the volume of beans sourced, whilst expenditure in relation to the other areas is performed at the discretion of the Cocoa Horizons Foundation.

*Actual allocations may vary by +/- 5-10% based on local conditions and situational specifics.

Key Highlights: Global

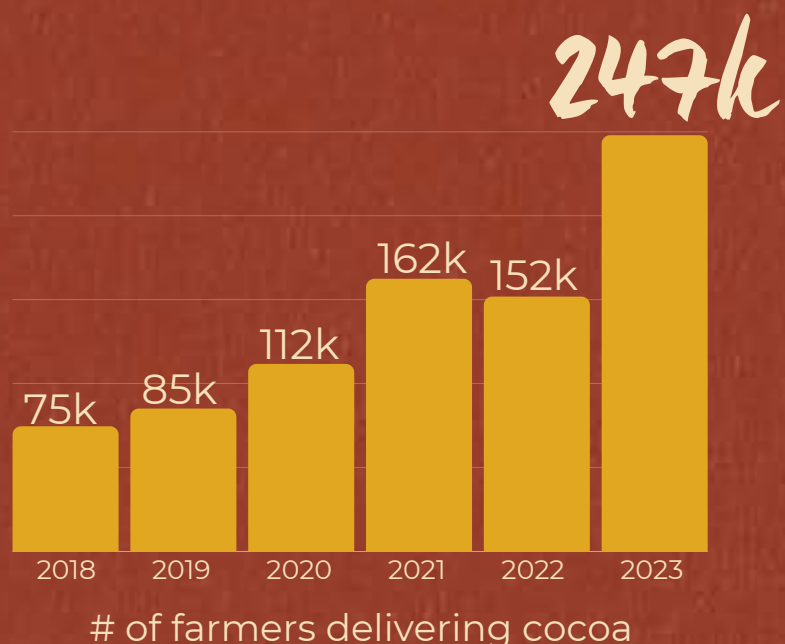
We kept expanding the program to new farmers and recruiting new farmer groups.

+63%

+96k farmers delivering cocoa vs 2022

314

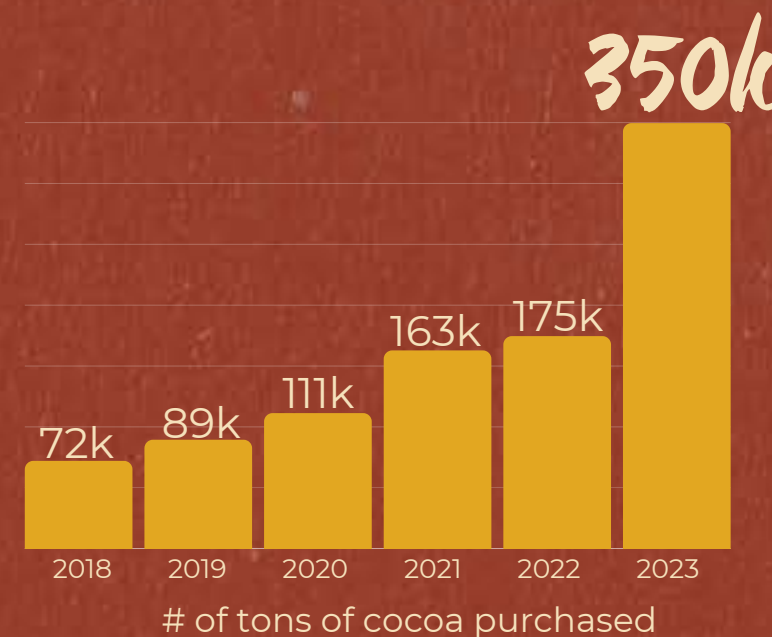
farmer groups (+19% vs 2022)



We answered the growing demand for sustainable cocoa.

+100%

+175k tons of cocoa purchased vs 2022



The 350k tons include 38k tons from 2022 that were validated after the end of last year's audit.

We attracted new funds.

+34%

+13 millions CHF to support the Foundation activities vs 2022

TRACEABILITY

79%

of farmers delivering with full data

→ 100% by 2025

PROSPERING FARMERS

50%

of cocoa farmers above the World Bank International Poverty Line of USD 2.15/day

→ 100% by 2025

EMPOWERED COMMUNITIES

99%

of farmer groups in our direct supply chain covered by child labor monitoring and/or remediation activities

→ 100% by 2025

THRIVING NATURE

59%

of cocoa demonstrated not to be contributing to deforestation

→ 100% by 2025

168k

tons of carbon removals achieved (in CO2e)

The farmers we support

To better understand the farmers we work with and their daily challenges, we collect information through census. This way, we ensure that our activities address the complex issues affecting communities and are tailored to their needs.

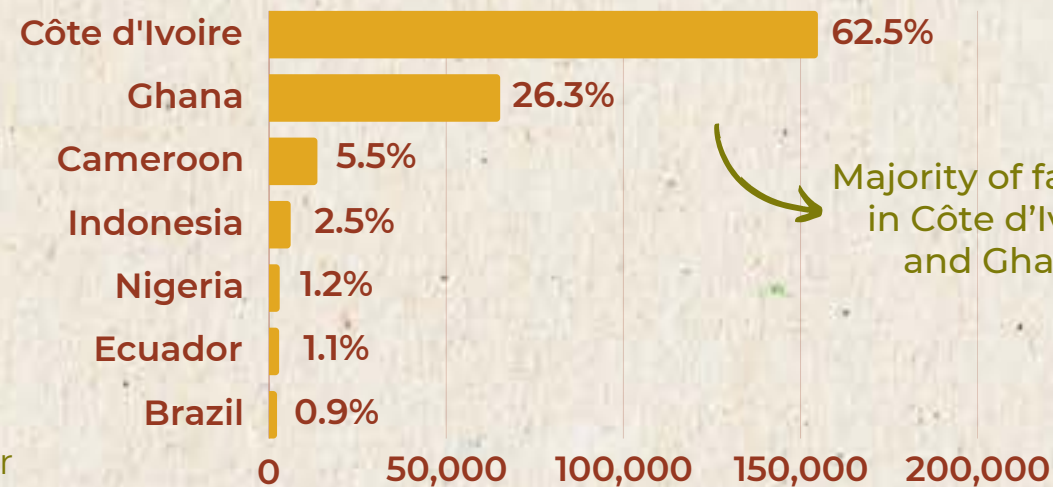


KEY DATA AND FACTS

247,383

farmers delivering cocoa

+63% vs prior year



Majority of farmers in Côte d'Ivoire and Ghana



15%

of women

51

average age

7.4

average size of household

79%

of farmers delivering with full data

99.9%

farmers receiving the premium*

49,349

farmers receiving the premium digitally



*At the time of publication of this report. Any remaining farmer premium payments are in process and the aim is to close the gap to 100% by the end of this fiscal year.

Prospering farmers

We are progressing on our journey to help lift farmers out of poverty and we are halfway there with 50% of farmers delivering Cocoa Horizons above the World Bank's International extreme poverty line.

Less training, more doing.

This year, the Cocoa Horizons program continued to shift from a predominantly training approach to a pre-harvest "doing" approach.

Through the pre-harvest approach, we support farmers with labor for pruning and spraying activities.

This win-win activity is very well received as it allows:

- An increased yield for beneficiary farmers;
- An additional and diversified source of income for labor group members during off harvesting periods. Most of the time, the members are young farmers or farmers with a small farm;
- New skills acquisition for members;
- A replication on member farms and for community members of the pre-harvest practices.

Alongside the pre-harvest labor approach, individual coaching is deployed to address the breadth of each individual farmer's needs.

We deploy Farm Business Plans as the cornerstone of our farmer journey:

- A diagnosis is made together with the farmer to identify specific needs.
- The farmer receives coaching and recommendations.
- A productivity package is proposed to the farmer (e.g. fertilizers).

These inputs are proven to increase yields, and as a result, farmers' overall income.

Coming up in 2024

To transform the way cocoa is produced, our Farm services offer will be tailored further. This will come with a better understanding of farmers' profiles and adapted activities.

We will also continue to increase digitalisation of farmers' cash premium payments.

By continuously improving our farming model, we keep working towards an enabling environment that will support on the long term a living income for farmers.

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In the past, my farm was dense with many trees. Such density caused my pods to be rot. Thanks to the pruning services that I received, my trees now have adequate light, and I can see the difference. I am harvesting additional four bags per season. These extra bags help me to continue financing higher education for my children. Just like my cocoa pods, they are also turning out great.

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Peace Owusu, cocoa farmer since 23 years, Juaso Community, Ashanti Region, Ghana.



Prospering farmers



168,567

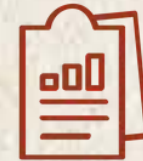
cocoa farmers above the World Bank's International Poverty Line of USD 2.15/day

↪ +39% vs prior year



84,692 +39% vs prior year

farmers who have graduated



126,714 +5% vs prior year

farmers who received Farm Service activities



44,412 +9% vs prior year

farmers receiving a Productivity Package



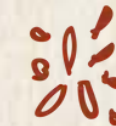
49,349 n/a

farmers with digital premium



16,707 +191% vs prior year

hectares supported with pre-harvest interventions



2,246,806 +18% vs prior year

cocoa seedlings distributed



Empowered Communities

Child protection through community empowerment

This year, we reached almost full coverage (99%) of farmer groups with child labor monitoring and remediation activities. As a result, we identified 44,724 cases of child labor. While the total number of child labor cases identified has risen due to our increased coverage, we have been impactful in remediating cases during the past fiscal year, with 55,674 (+51%) of the reported cases from this and previous years now under remediation.

To remediate cases, we keep working with our partners on:

- the provision of birth certificates;
- the access to bridging classes;
- the delivery of school kits;
- the sensitization on child protection.

In parallel, community members are sensitized on gender and social issues to help empower women. We know women play a critical role in child protection as they are more willing to invest in their children's well-being.

Our approach comes also with helping community members secure and diversify their income.

VSLAs (Village Savings and Loan Associations) allow members to pool savings together and raise resources to create a business or to fund household needs (e.g. medical care, schooling fees). This year, CHF 1.2 million worth of savings was collected and half was invested at community level with more than a third on education for children. Majority of VSLA members are made out of entrepreneurial women, providing them with access to financial opportunities.

Coming up in 2024

We are shifting our model to strengthen our community systems approach. It means that we will allocate more resources on child protection at different levels:

- Working with governments to reinforce national child protection systems;
- Collaborating with communities to improve infrastructures;
- Ensuring access to quality education;
- Improving access to livelihood resources for community members.

Finally, we will implement Human Rights due diligence covering child labor and forced labor following the 6 steps of the OECD framework to assess and address all adverse human rights impacts in our supply chain.

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Being part of a community development committee brought us together to address our needs. First, we got a water pump. Our wives used to walk many kilometers every day to fetch water in neighboring villages.

Our second achievement as community development members was a school.

The committee made us visible and thanks to that, we could get funds from the government to have a school in our community. Then we mobilized our village to build the school.

The committee brought a sense of ownership and pride at Akakro. Dreaming for things that we need is not enough. We need to roll out our sleeves to get things done.

The committee is a good place for that.

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Cyprien Kouassi Kouadio,
cocoa farmer since 20 years in
Akakro, Côte d'Ivoire



Empowered Communities



99% +4% vs prior year

of farmer groups in our direct supply chain covered by child labor monitoring and remediation activities



163,532 +26% vs prior year

farmers trained on gender and social issues



44,724 +131% vs prior year

child labor cases identified



1,249 +12% vs prior year

VSLAs established or functioning



55,674 +51% vs prior year

child labor cases under remediation



69% -3% vs prior year

of VSLA members are women



9,343 +255% vs prior year

child labor cases remediated



CHF 1,2 million n/a

total amount saved through VSLAs



CHF 0,7 million n/a

total amount loaned through VSLAs



Thriving Nature

We keep progressing on our journey towards deforestation free cocoa and adapting to the quickly evolving legislative landscape.

We continued working on the mapping of farm plots aligned with efforts towards a transparent and traceable supply chain, while catching up with the growth of our farmer base.

We kept working on implementing low carbon farming practices and landscape initiatives.

This year, we expanded our robust agroforestry approach with now more than 14,000 hectares established. The interest for farmers is growing thanks to the payment for ecosystem services (PES), helping them diversify their income. PES means that farmers get paid on a yearly basis for the survival of the planted trees as a reward for carbon removals. PES were already provided for more than 3,000 hectares.

To ensure a high survival rate and carbon removals on the long term, we are balancing our efforts. That's why, we slightly reduced the distribution of tree seedlings to invest more into tree maintenance.

Off farm reforestation continued as we doubled the number of tree seedlings distributed to farmers for this purpose.

Adapting to the evolving legislation landscape

By 2025, all cocoa entering Europe will have to comply with the new EU Deforestation Free regulation. To adapt to this upcoming change, we have reviewed our methodology. It is currently very conservative and may further evolve to match EUDR implementation practices.

This year, through our agroforestry activities, we managed to achieve a 19% growth of carbon removals. This contributes to our customers' Scope 3 reduction ambitions.

Coming up in 2024

We will pursue our efforts on farm mapping to strengthen our deforestation free due diligence.

The scale up of agroforestry and large landscape initiatives to reach our forest positive ambition will continue.

We will support our partners to comply with EUDR through a risk assessment framework and risk mitigation tools.

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Our ambition goes beyond deforestation-free. Moving forward, we want also to invest in large-scale initiatives on forest conservation. At the same time, our aim is to empower communities, helping farmers prosper by increasing the long-term productivity of cocoa farming in environmentally suitable areas while mitigating the impact of climate change, preserving ecosystems and restoring natural biodiversity on existing farmland.

99



Tilmann Silber,
Global Forest and Carbon
Program Lead,
Barry Callebaut

Thriving Nature



59% *n/a*

cocoa demonstrated not to be contributing to deforestation



79% *n/a*

of plots with a polygon map



14,099 **+77%** vs prior year

hectares of agroforestry established



198,164 **+21%** vs prior year

farmers trained on environmental protection



168,348 **+19%** vs prior year

tons of carbon removals achieved through agroforestry



3,019 *n/a*

hectares of agroforestry maintained



99,400 **+96%** vs prior year

tree seedlings distributed off-farm for restoration purposes



2,746,684 **-32%** vs prior year

shade tree seedlings distributed to farmers



CHF 130k *n/a*

Payment for Ecosystem Services to farmers