

The logo for Earthworm, featuring a stylized orange 'E' icon followed by the word 'earthworm' in a bold, orange, sans-serif font.

Earthworm

The year '2020' where the first '20' is in orange and the second '20' is a black silhouette filled with a forest scene, matching the background image.

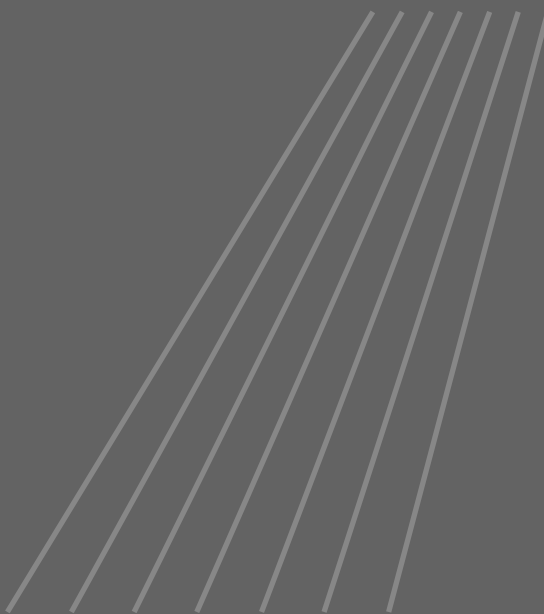
2020

ANNUAL REPORT

For the year ending
31 December 2020

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Chairman's letter



2020 was a year that will stand out in everyone's memory as a year of uncertainty, a year of adjustments. Not only did the COVID-19 pandemic impact our personal lives, it also had major implications for Earthworm Foundation, whose work has historically been based heavily on fieldwork and real human interactions. With most of our staff being on the ground in some of the world's key sourcing regions, it quickly became apparent that we could not simply wait this period out, and that we needed to take steps to protect our people while continuing to drive impact.

Although we were forced to stop all field visits for months on end, our teams worked hard to stay in touch with local stakeholders, continuing to provide them with support and guidance. At the same time, we maintained dialogue with our members to adjust deliverables and prepare together for what the future held. More than ever before, we had to remind ourselves of the guiding principles at the core of our work: Compassion, Courage, Humility, Truth, and Respect, using them as the foundation for our decisions in this period.

The global health crisis enhanced the general public's environmental awareness. The fact that we must take care of the planet in order for the planet to take care of us became more apparent to end consumers, who got to experience some of the negative consequences of globalisation and consumerism first-hand. Their voices were also heard by companies, who felt the importance of accelerating their journeys toward sustainability. This paradigm shift was what kept us hopeful through a year filled with challenges and ambiguity.

As we close the books on 2020, I'd like to thank the Earthworm staff around the world for their excellent work. I'd also like to thank our members, donors, and clients, who make it possible for us to create meaningful change.

Eric BOUCHET



Our values

Our values are our greatest asset. They guide us forward and serve as the cultural cornerstone, as we interact with businesses, stakeholders and our peers. It is no coincidence that our first step to engage people in our work always puts values at the center of the conversation.



TRUTH

To carry our mission forward, we must be able to face the truth, open ourselves to accepting it, and speak from that place, especially when it goes against the consensus.

COURAGE

Courage for us is about being bold and trusting. It is about facing the unknown or the tension while trusting ourselves and others to be able to overcome it.

RESPECT

All our interactions with peers, stakeholders, and ourselves are grounded in respect – respect of perspectives, dignity, and boundaries.

HUMILITY

We strive to make humility a trademark of everything we do – we do not boast about our achievements, we share them so that others may benefit; we do not claim to have all the answers, we open up to others to work on solutions; We do not see ourselves as morally superior, we merely share our truths and hope to inspire.

COMPASSION

Our work is, above all, with people. And to connect with people, it is crucial that we be able to see their perspectives and understand their feelings towards an issue. The chaotic nature of our work also requires us to be compassionate towards ourselves and our peers so that we may not compromise our own values.

2020 at a glance

Take a look at some of the notable events and news of the year.

Collaboration with palm oil and cocoa producers in Soubré, Ivory Coast

In Soubré - capital of the Nawa region in south-western Ivory Coast - 69 percent of cocoa plantations are between two and five hectares. 85% percent of oil palm plantations are between one and five hectares. **Earthworm Foundation, Nestlé, Godiva, Pro Fair Trade and SIPEF-CI** (Société Internationale de Plantations et de Finances - Côte d'Ivoire) are working with small oil palm and cocoa farmers to make them **more resilient** while simultaneously **improving the quality** of the environment and forests.

Working with chocolate makers in Ivory Coast to understand their supply base and protect forests

Mondelez and Earthworm Foundation have been working in various regions of Côte d'Ivoire to identify forested regions where Mondelez buys cacao from in Ivory Coast and to develop a land-use plan to **reforest and preserve** these

lands. The expansion of this work into the Gabiadji region uses the High Carbon Stock (HCS) Approach, with a focus on compensating cacao farmers for forests they choose to conserve.

Groundbreaking Social Excellence course focuses on bauxite mining in Guinea

With funding from the **Alcoa Foundation**, Earthworm Foundation's Centre of Social Excellence (CSE) announced the launch of a 10-month course focused on building the capacity of stakeholders living and working in the bauxite mining region of the West African country of Guinea. This is the **first time** this kind of course has been offered in Guinea.

A farmer-to-farmer training model in Vietnam

In Vietnam's Son My commune, there are around 1,000 farmers who manage over 2,500 hectares of acacia tree plantations. With support from **Nestlé**, Earthworm Foundation has established the Son My Acacia Growing Club and is

training farmers to **increase** their income by as much as **20 percent**.

Earthworm Foundation is partnering with Ferrero on its responsible sourcing programme for hazelnuts

In April, Earthworm announced that we are working together with **Ferrero** on its hazelnut sourcing. As a larger hazelnut user, Ferrero is committed to contributing to driving **sustainable changes** in the hazelnut value chain.

Resources to help oil palm plantations improve workers' and children's welfare in Indonesia

According to 2018 data from the Indonesian Social Development and Planning Agency, the palm oil industry employs about 16.2 million people. With support from its members and clients, Earthworm Foundation has developed resources to help Indonesian oil palm plantations **protect** workers' rights and **improve** working conditions.



2020 at a glance



The Dvinsky code to healthy forest landscapes in Russia

The Dvinsky forest in Russia is classed as an Intact Forest Landscape (IFL), and is one of Europe's last remaining areas of intact forest ecosystems. Alongside a range of key stakeholders and partners, Earthworm Foundation has been working **to protect** these forests from being cut down for timber, pulp and paper mills for tissue, labels and packaging products among others.



Earthworm's campaign to help tackle environmental challenges in India

A 2019 study by Stanford University showed that India's economy is 31 percent smaller than it would have been in the absence of global warming. At the forefront of these risks are farmers: in some state, crop yields will decline by 15 to 17 percent for every 2 degrees centigrade increase in temperature. We launched the Change The Climate campaign in India with the aim of **tackling the effects of climate change** and **helping farmers restore biodiversity** in farms while earning extra income.



Global events

COMMENTARY ON THE FINANCIAL DATA

When the COVID-19 pandemic hit, governments around the world rolled out various programmes to support local businesses and organisations that had to either reduce or completely stop their work due to the health crisis. We actively searched for government support in the countries where we qualified, which, in the end, helped us manage the financial impact of the pandemic.

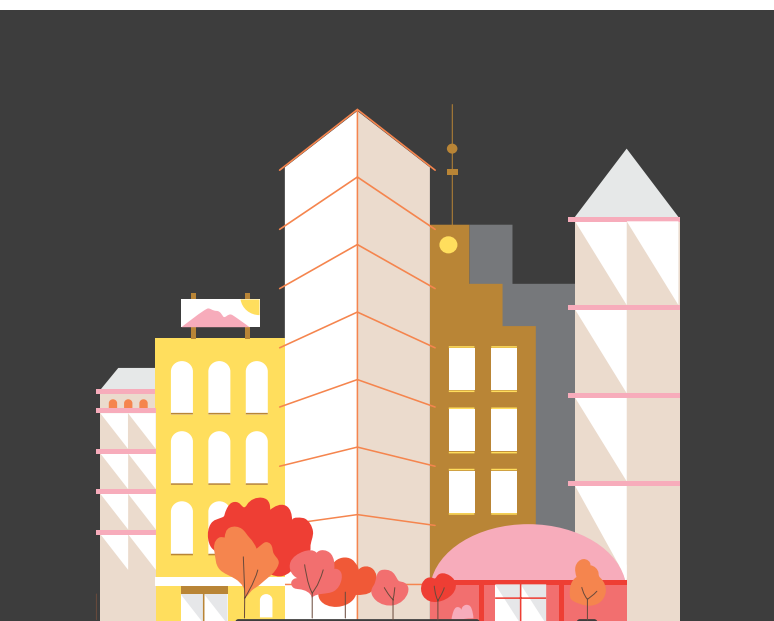
We did a lot of work in 2019 to set ourselves up for a big year in 2020, continuing to consolidate our brand, clarify our message and mission, and scale our impact. We were looking forward to a very strong performance as a consequence of these efforts. We are proud to say that, despite the numerous challenges that we faced in 2020, we were able to avoid taking a financial loss for the year.

OPPORTUNITIES

As mentioned earlier, the pandemic resulted in a growing recognition of the impact that we, as people and consumers, have on the planet. It accelerated the drive for change, which will certainly have a long-lasting and positive impact on the pace of growth of responsible sourcing efforts worldwide. We look to be at the forefront of this work, scale our impacts, empower organisations to do their best, and protect and heal people and the planet.

Thankfully, many of the companies we work with are in fields that were less impacted by the pandemic – namely, Food and Beverage. Such businesses had to work hard to supply the world with nutrition during these challenging times, all while keeping their staff and suppliers safe. While they were undoubtedly challenged in a lot of ways, demand for their products didn't fall. For Earthworm, this meant that many of our members continued to fund our work, a lot of which had to be changed from fieldwork to desktop research, analysis, and other remote support.

Our staff were very proactive in ensuring that the lockdowns didn't mean a loss of connection with farmers and other local stakeholders. They used accessible methods of the communication such as Zoom, WhatsApp, and others, adapting to the local conditions and doing everything in their power to maintain contact.



Global events

CHALLENGES/RISKS

As an organisation that prides itself on being “feet in the field”, we were used to being very mobile, visiting our projects in person, and having a personal connection with the people we do everything for – those on the other end of supply chains, the farmers, the locals. The pandemic likely means that, from now on, we will have to limit our travel to the most essential trips, potentially having to move a lot of team get-togethers, field visits, and member events to an online format. This challenges us to learn how to stay connected online – something that we learned a lot about in the past months, but surely stand to learn a lot more of in the future.

Earthworm Foundation has offices in 15 countries around the world. In some of these countries, the pandemic hit hard early on, but then was taken under control. In others, it slowly snowballed into a very big problem that the citizens and government are still trying to solve to this day. Having seen a second (and even third) wave in some instances, it’s hard to tell how long it will be until the virus is a thing of the past. We as an organisation must account for the possibility of a prolonged crisis in some of the regions we’re present in. This could mean anything from restricted travel to full-blown lockdowns, and, while we always hope for the best outcome, we must also be ready to face such challenges.

As we shift our focus to working in key landscapes around the world, we will look to have more of our staff based in the fields. This will reduce the time and cost for us to deliver impact, as well as reducing the need for travel. It will make us less vulnerable to COVID-19 and any health crises that may take place in the future, and more connected to the people we’re working with. Coupled with our global team, which will focus on streamlining processes internally and externally, as well as coordinating our work worldwide, we expect to have a more targeted, and therefore impactful, presence in these landscapes.

connected online

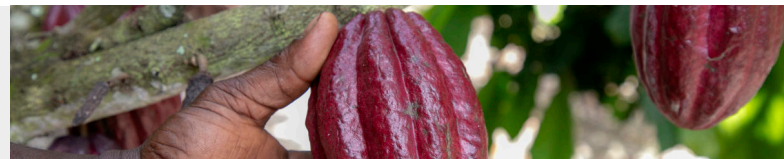
offices in 15 countries

staff in the fields

Strengthening membership & partnership

In 2020, our list of members and partners grew yet again, enabling us to continue scaling our impact. We were joined by the likes of Groupe Rocher, Godiva, and others. We now work with over 100 member companies and 200+ partners to drive meaningful change and create a lasting impact.

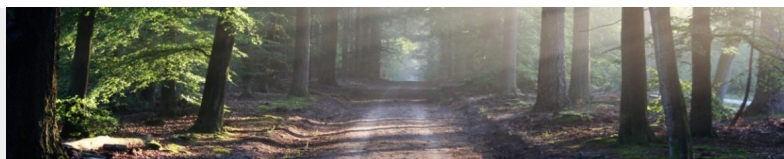
Earthworm and GODIVA to work on responsible sourcing of cocoa



GODIVA, the global leader in premium chocolate, has become an Earthworm Foundation member. Our work together began with an initial six-month phase focused on laying the foundation for implementing GODIVA's Cocoa and Forest Initiative (CFI) commitment to protect forests and the rights of people linked with growing and harvesting the cocoa used in its products. In the next six months, we will support GODIVA to draft and publish a cocoa position statement and improve traceability. The position statement will help

GODIVA clearly communicate its commitment and expectations related to sustainable cocoa. Traceability work will then provide a holistic view of where all cocoa in GODIVA products comes from; so that a comprehensive approach can be taken to address environmental or social issues in its supply chain. This work will be the foundation for GODIVA to support industry transformation. Additionally, GODIVA is supporting an Earthworm Foundation Rurality project in Soubré, a key cocoa producing region Ivory Coast.

Groupe Rocher becomes Earthworm Foundation member



Groupe Rocher – a French beauty, well-being, and clothing company – is now an Earthworm member. The first part of membership saw Groupe Rocher and Earthworm focus on the company's strategy, traceability, and transformation within the palm oil supply chain. As a progression of their journey, which started in 2015, Groupe Rocher and Earthworm Foundation will continue to add value to landscapes in Indonesia and Malaysia. In Aceh Tamiang, Indonesia – bordering the incredibly biodiverse

Leuser Ecosystem – Groupe Rocher will support a programme to balance development, conservation and good social practices. Over in Sabah, Malaysia, Groupe Rocher will support work empowering farmers to reduce human-wildlife conflict and increase their income. Earthworm will also support Groupe Rocher to reach its main commitment – reconnect people to nature – providing strategic expertise and guidance on its supply chains.

IPNLF and Earthworm Foundation strengthen collaboration in French tuna markets

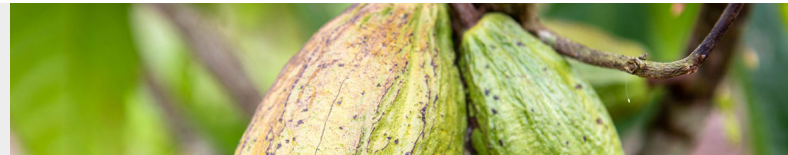
A partnership agreement was signed between Earthworm Foundation and the International Pole and Line Foundation (IPNLF) to further the cause of sustainable fishing, particularly the promotion of responsible one-by-one fisheries, whereby using one hook and one fishing line to catch tuna one fish at a time.



The partnership will also see the strengthening of The Tuna Protection Alliance (TUPA), which is aimed at becoming a driving force in the canned tuna industry, binding producers, retailers, and fleets together, as well as working to adopt better fishing practices and management to restore, balance and safeguard resources for future generations.

Working with Nestlé and the Ivory Coast government to protect and restore a critical Ivorian landscape

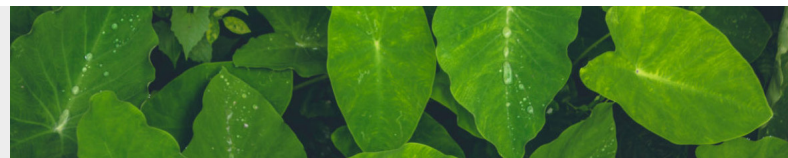
Earthworm Foundation is partnering with Nestlé, the Ministry of Waters and Forests (Ministère des Eaux et Forêts or MINEF in French) and Ivory Coast's forestry agency (SODEFOR) to protect and restore the Cavally Forest Reserve, one of the country's most precious forests. Located in the Zagné area of the Cavally region – in the west of the country – it covers an area of 67,593 hectares and is home to endangered species such as chimpanzees, forest elephants and pygmy hippopotamuses. In 1960, the country had 16 million hectares of forest, but that area shrunk to just 3.5 million



hectares by 2015. Over the next three years, Nestlé, the Ivory Coast government and Earthworm will implement a plan to protect this important reserve. At the heart of this work is forest restoration and supporting farmer livelihoods to be more resilient. We will work with farmers to understand how they can establish productive, well-run farms, and identify suitable land and alternative livelihoods that protect and promote the interests of both the environment and the people who earn a living there. This will be vital to the success of the project.

A partnership to bridge research and social impact in Ivory Coast

Earthworm Foundation and the Swiss Center of Scientific Research in Ivory Coast (CSRS in French) will be working together to protect forests reserves, and support smallholders and communities living around forests. A partnership agreement was signed February 25, 2020, making official a collaboration that started two years ago.



In the past, Earthworm Foundation linked CSRS and businesses to help researchers better understand companies' concerns about conservation. In 2019, CSRS provided data to Earthworm Foundation for a satellite interpretation project of the Grebo-Krahn National Park in Liberia.

Improving livelihoods of farmers in 15 countries worldwide

More than two billion people live and work on small family-run farms, growing much of our world's food. Supporting these farmers in their business and resilience is at the heart of our work.

Our work to strengthen the resilience of farmers has been ongoing since 2011. Today, we work with farmers in 15 countries. Our field teams live and work among the farmers, build trust with them and understand the local context of their lives. This approach informs tailor-made strategies to address farmers' practical needs. Our strategies are business-minded and empower farmers to define their own journey and enhance their social and environmental management.

Since 2015,
we have
engaged

21'456

farmers
across

15

countries
and impacted
indirectly

60'000

farmers and
family members



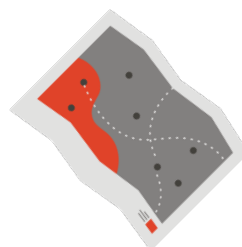
2959

of those farmers have diversified their farming activities, increasing their average household income by **20%**.



We work with

**244
partners**



and protect more than

53,000 ha

of key habitat and forest
in our project areas.

Regenerative agriculture



Soil nurtures and feeds billions of people and other terrestrial life. It is integral to our forests, farms and fresh water systems.

In the last decade, we have been on the ground in the Dominican Republic, Ghana, India, Indonesia, Ivory Coast, Laos, Malaysia, and Thailand, listening to farmers' challenges and co-creating solutions. In India, where our teams have engaged about 1,000 farmers since 2011.

In partnership with "soil doctors" Claude and Lydia Bourguignon, we began exploring how to regenerate our soil; eventually working with farmers in France on conservation agriculture. Our efforts revolve around connecting different nodes of the supply chain to scale up soil restoration, as well as developing innovative incentives to transform agricultural practices.

2020 saw us engage with **300** farmers, **7** leading brands, and **6** suppliers. We also established a technical framework validated by a scientific committee

Agricultural soil makes up just over **7%** of Earth's surface and is used to feed our world's population of 7.9 billion people.

A third of the planet's land is severely degraded, according to UN-backed research. Fertile soil is being lost at the rate of **24 billion tonnes a year**.

- Monitor the transition and develop diagnostic tools: agronomic (soil quality, carbon storage) and economic (farm profitability)
- Support farmers, cooperatives, agricultural traders, and suppliers in their transition
- Create incentivisation/remuneration mechanisms to overcome the barriers and scale up the transition

Forest protection



Conserving forest and key ecosystems



**FOREST
CONSERVATION
FUND**

The Forest Conservation Fund, originally an Earthworm Foundation initiative, held its official launch event on June 22, 2020. It aims to decentralize conservation by empowering local communities and private sector actors to protect forest under their control. The Fund is governed by an independent Board of Directors and an expert Grants Committee responsible for approving projects based on strict quality requirements. At the end of the year, the FCF Grants Committee had approved four projects, covering **23,354** hectares of tropical rainforest in four countries and linked with cocoa, coffee, timber, oil palm, and coconut landscapes.

Commodity buyers or other donors pay **\$40 per year** to the Fund for each hectare of forest they want to conserve. The FCF connects them to conservation projects in their sourcing landscapes, for maximum impact.

FCF disperses funding based on field results, and provides coaching and support on conservation management to ensure that the forest stays standing and that conservation goals are being achieved. We minimise spending on overheads and direct a maximum amount of donations into the field. At the end of their annual cycle, each project also undergoes an annual financial audit.

The Fund received a total of **76'147 Swiss francs** in funding in its first 6 months of activity.

Strengthening our work with CSOs

Earthworm Foundation's Kumacaya is a platform through which local people and communities can share their experience, thereby democratising the process of monitoring. The Signals platform is open to anyone and signals can be registered on a series of topics under three broad themes, Environment, Community and Labour. The objective of the Signals tool is to spot and identify broad themes occurring on the ground as reported by those impacted. Currently Signals has been introduced in two landscapes, Kalimantan and Riau, using an ambassadors model. Over the long terms signals could be an on-the-ground reporting tool that can be integrated with other tools used to monitor and take action.


1,429

Registered a total of 1,429 signals in 2020

95% (1359) were Environmental; 4%(61) were Community; and 1% (9) were Labour

50%

of signals raised concerns over the impact of palm oil production

Developed V2 to improve user experience & visibility on labour and community issues

Deep monitoring in Indonesia - 2 projects focusing on topics raised through signals monitoring:

Workers Welfare / Water pollution



Vision:

"The views of those impacted by global supply chains are heard, they are part of the discussion on how best to serve people and nature, and they are given the opportunity to shape the future of the communities and environments in which they live"

Labour rights



Our programme focusing on labour rights and workers' welfare was launched in 2017 and is implemented in all regions with dedicated field teams in 2 countries.

In 2019-2020 our teams launched practical tools and resources for palm oil companies in the Indonesian and Malaysian palm oil supply chains to reduce risky labour practices in both supply chains including addressing the welfare of children in plantations, mitigating child labour, improving recruitment practices for migrant workers, improving the rights of casual and temporary workforces as well as improving wages for agricultural workers through better work target-setting practices.



**Over 60
companies,**

employing of



**thousands
of workers,**

have been trained
in the usage of these tools
since their launch.

Landscapes

Aceh Tamiang, Indonesia



Balancing production, forest conservation, sustainable livelihoods, and good social and labour practices at scale

As of 2020, we:

Directly impacted **2,095** households through Participatory Conservation Plans in **5** forest-frontier villages, training **245** people

Developed, with the District Government, a Collective Action Plan to improve worker conditions, covering **36** plantations and **10** mills. **3,000+** workers covered by No Exploitation agreements with companies

The Aceh landscape, which includes two focal areas (Aceh Tamiang and Southern Aceh), is home to the highly biodiverse Leuser Ecosystem, frequently referred to as the “Last Place on Earth.” This is indeed the last place on Earth where orangutans, tigers, elephants, and rhinoceros are found to coexist. The Leuser Ecosystem is also home to some of the world’s last old-growth tropical forests, as well as significant areas of peat soils that serve as important carbon sinks. All of this, however, is being lost at an alarming rate due to increasing agricultural commodity expansion, mainly oil palm and rubber. As more forests and peatlands are lost, more carbon enters the atmosphere, further complicating the global fight against climate change. Aceh is one of the poorest provinces in Indonesia, and frequently people in the rural communities located in and around the Leuser Ecosystem clear forest to plant oil palm and rubber as a quick and easy source of income.

Landscapes

Cavally, Ivory Coast



A preserved ecosystem with resilient communities

2020 key achievements:

Holistic diagnostic data collection, establishing a Land Use Map for the periphery area. Meetings with over **1600** interviews in **66** villages.

Team in the field (**9** people) and establishment of local office

Launch of project in Zagné (13th October), bringing together more than **200** individuals and representatives, including village chiefs, opinion leaders and the heads of local organisations

The Cavally Forest Reserve is one of the 234 classified forests of Côte d'Ivoire. It is located between Taï National Park in Côte d'Ivoire and Grebo Kran National Park in Liberia, both belonging to the Upper Guinea biodiversity hotspot in West Africa. Cavally Forest Reserve covers an area of 67,541 Ha and is home to endangered species such as chimpanzees and pygmy hippos. In November 2017, in partnership with the forest development agency of Côte d'Ivoire (SODEFOR - Société de Développement des Forêts) and Airbus, Earthworm Foundation launched a pilot project called **STARLING** to monitor deforestation, particularly related to cocoa, in the Cavally forest reserve. This made it possible to establish a base map of the Cavally forest in January 2018. This map indicates that 33% of the forest is highly degraded (with sun cocoa) and another 7% degraded (with cocoa under the forest canopy).

Landscapes

Tomé Açu, Para, Brazil



A year of impactful collaboration with Nestlé and Cargill towards farmer resilience in Tomé- Açu, Brazil

In 2020:

3 incubation plans for farmers' associations and cooperatives were created to strengthen rural business, productive inclusion, and agroforestry

An agroforestry system workshop was organised for **82** smallholders

A total of **30** farmers have developed their own holistic farm plans

Tomé-Açu municipality is located in the north-eastern state of Pará, in the Brazilian Amazon.

Tomé- Açu covers 516,554 ha, predominantly agricultural land and forest.

The agricultural production of Tomé-Açu is diverse and dominated by smallholder farmers, holding up to 50ha of land each.

Key commodities in the region are cattle rearing and the cultivation of soybean, açai, cocoa, oil palm and black pepper.

Landscapes

Soils, Santerre, France



In 2020:

14 farms sampled

470 hectares

260 spade tests

In 2020, the Living Soils programme focused on consolidating existing partnerships, starting to scale up from a pilot to a more farmer-inclusive approach.

The pilots continued with online training offered to farmers during the lockdown period. A sampling campaign took place in autumn of 2020 on fourteen farms, laying the groundwork for an exciting year in 2021.

In addition, our work on a soil fertility indicator made significant progress thanks to our scientific committee of experts.

Landscapes

Sabah, Malaysia



By 2020

913 Farmers reached in Sabah receive transparent access to commercial information (i.e. MSPPO, FFB price, government schemes, etc.)

18.4% Average increase in FFB yield (from 2019 to 2020) from farmers implementing BMP

The state of Sabah is the 2nd largest palm oil producer in Malaysia. An estimated of 1.54 million hectares (27% from the total area of Sabah) are covered with palm oil plantations. Oil palm is one of the state's primary source of income representing around 91% of the state's total agriculture export revenue. The state also has about 3.9 million Ha of forest reserves—home to Orang Hutan, Pygmy elephant, Pango-lin and other species. Oil palm plantations put significant pressure on these animal's habitat.

In 2020

Organized **10** webinars with the participation of **280** smallholders from Sabah - only ones in Sabah, and possibly in the country, to be done in Malay language targeting specifically oil palm smallholders. Conducted direct engagements including field coaching & group engagements (i.e. seminars & trainings) on farm productivity, MSPPO certification, income diversification and managing of wildlife conflicts. During the pandemic the engagements complied with sanitary guidance and participation of smallholders was limited. In total, the Rurality team conducted **309** field coaching and **7** group engagements.

Conclusion

2020 tested our resilience like never before. As challenging as it felt at times, at the end of it we only grew stronger. Ironically, social distancing brought us closer together.

It made us remember who we are as an organisation and put the focus back on the most vulnerable among us. Although the global situation was still difficult at the end of the year, we were able to adjust and feel much more confident about what the future held.

At the end of the day, our work to help protect people and the planet only became more relevant and more important as a consequence of the events that took place.

Once again, we understood the urgency of scaling our impact – not linearly, but exponentially.



Independent auditors' report

REPORT OF THE STATUTORY AUDITOR To the Board of Earthworm Foundation, Nyon

As statutory auditor, we have audited the accompanying financial statements of Earthworm Foundation (pages 23 to 36) which comprise the balance sheet as at December 31, 2020, and the statement of financial activities, the cash flow statement, the statement of changes in capital, and the notes to the financial statements for the year then ended.

MANAGEMENT'S RESPONSIBILITY

The Board is responsible for the preparation of these financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION



In our opinion, the financial statements for the year ended December 31, 2020 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law and Earthworm Foundation statutes.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of Earthworm Foundation financial statements according to the instructions of the the Board.

We recommend that the financial statements submitted to you be approved.

Nigel Le Masurier
Licensed Audit Expert




pp Olivier Griot
Auditor in Charge
Licensed Audit Expert

Enclosures Financial statements

Final financial statements

| Balance sheet as at 31 December 2020

All amounts in USD	Note	2020	2019
Cash at bank and in hand		9'670'728	4'823'375
Debtors	7	5'153'678	5'357'476
Current Assets		14'824'406	10'180'851
Tangible Fixed Assets	5	111'664	115'517
Intangible Fixed Assets	6	67'870	22'858
Fixed Assets		179'534	138'375
Total Assets		15'003'940	10'319'226
Creditors	8	1'582'265	849'431
Deferred income - unrestricted		2'680'797	1'318'866
Deferred income - restricted		1'229'266	1'036'636
Short term loan		645'180	-
Short term liabilities		6'137'508	3'204'933
Retained earnings		8'816'039	7'063'897
Initial capital (50'000 CHF)		50'397	50'397
Foundation capital		8'866'434	7'114'294
Liabilities and Foundation capital		15'003'940	10'319'226

Statement of financial activities

(incorporating an income and expenditure account)

for the year ended 31 December 2020

All amounts in USD	Note	Total 2020	Total 2019
Operating income			
Member and partners contributions	2	13'744'925	14'046'490
Public authorities grants	2	783'830	1'055'676
Other grants received	2	860'901	473'415
Total		15'389'656	15'575'581
Operating expenses			
Personnel expenses	3	(10'950'561)	(11'665'349)
Operating expenses	3	(2'624'876)	(3'696'976)
Depreciation and amortization	5-6	(69'356)	(101'312)
Total		(13'644'793)	(15'463'637)
Operating Result		1'744'863	111'944
Non-operating result			
Financial result		864	(1'974)
Non-operating result		(67'634)	6'969'337
Extraordinary result		74'048	(15'410)
Result before change in fund capital		1'752'142	7'063'897
Allocation to voluntary retained earning		1'752'142	7'063'897
Total		-	-

Statement of Cash Flow

for the year ended 31 December 2020

All amounts in USD	2020	2019
Operating expenses		
(Deficit)/surplus for the year	1,752,142	7,063,897
Interest received	(959)	(2,210)
Depreciation of tangible fixed assets	67,083	98,836
Amortization of intangible fixed assets	2,273	2,473
Loss on disposals of tangible fixed assets	1,767	2,460
(Increase)/decrease in debtors	203,798	(5,344,560)
Increase in liabilities	2,287,396	3,192,017
Foreign exchange gain/(losses) on cash	(357,873)	141,511
Net cash inflow from Operating Activities	3,955,626	5,154,424
Investing:		
Interest income	959	2,210
Purchase of tangible fixed assets	(112,285)	(217,354)
Purchase of intangible fixed assets	-	(25,331)
Net cash inflow from Investing Activities	(111,326)	(240,475)
Loan from banks	645,180	-
Net cash inflow from Financing Activities	645,180	-
Increase in cash and equivalent in the year	4,489,480	4,913,949
Cash and equivalents at the beginning of the year	4,823,375	50,937
Effects of exchange rates	357,873	(141,511)
Cash and equivalents at the end of the year	9,670,728	4,823,375

Statement of changes in capital for the year 2020

Currency: USD	Balance End 2018	Allocations	Appropriation	Total change	Balance End 2019
Fund capital	-	-	-	-	-
Initial capital	50'397	-	-	-	50'397
Retained earning	-	7'063'897	-	7'063'897	7'063'897
Foundation capital	50'397	7'063'897		7'063'897	7'114'294

Currency: USD	Balance End 2019	Allocations	Appropriation	Total change	Balance End 2020
Fund capital	-	-	-	-	-
Initial capital	50'397	-	-	-	50'397
Retained earning	7'063'897	1'752'142	-	1'752'142	8'816'038
Foundation capital	7'114'294	1'752'142		1'752'142	8'866'434

Notes to the financial statements for the year ended 31 December 2020

1. PRINCIPAL ACCOUNTING POLICIES

General information

The Earthworm Foundation, Nyon, Switzerland (hereafter "the Foundation") was established in accordance with the Articles 80ff of the Swiss Civil Code. The Foundation is registered since 7 March 2018 in the Commercial register of the Canton of Vaud.

The Foundation Board approved the accounts June 28th 2021, at a second time the Financial Statements will be formally approved by the Foundation council.

The Foundation promotes internationally positive interactions and relationships between nature and people by:

- the preservation, conservation and the protection of the environment and the prudent use of resources,
- the relief of poverty and the improvements of the conditions of life in socially and economically disadvantaged communities,
- the promotion of responsible and ethical means of achieving economic growth and regeneration, and
- the education of the public in the conservation, protection and improvement of the natural environment.

The annual average number of full-time positions in the reporting year, as well as in the previous year, did not exceed 250.

Accounting policies

The financial statements of the Foundation have been prepared in accordance with the provisions of the Swiss Code of Obligations and in accordance with the Swiss GAAP FER, in particular Swiss GAAP FER 21 relating accounting for charitable non-profit organisations. The recommendations have been established for organisations seeking to present their financial statements to reflect a true and fair view of the financial situation.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will inure to Earthworm Foundation and can be reliably estimated.

Contributions

Contributions are recognized in the statement of operations once they definitively belong to Earthworm Foundation. They are considered as unrestricted funds, unless the donor stipulates a specific restriction. When the donor wishes to see a contribution allocated to a specific cause, the contribution is considered to be a restricted fund. Restricted funds that have not been used at the end of the year are presented in a separate section of the balance sheet.

Funding contracts

Income from funding contracts signed between donors and Earthworm Foundation is recognized in the year in which the financed

expenditure is incurred. Outstanding grant amounts at year-end that will be used in future years are deferred in the balance sheet.

Other income

Other income (e.g. Donations) are recorded on a cash basis.

Expenditure

Expenses incurred by the Foundation are recorded on an accrual basis.

Supplies and equipment used by the projects are recorded when the costs are incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized over their estimated useful lives, using the straight-line method.

Computer and IT equipment	3 years
Furniture, fixture and fitting	5 years

Intangible Assets

Intangible assets are acquired separately and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, between 3 to 7 years.

Other valuation principles

Receivables are stated at their nominal value, less any value corrections. Debts are stated at their nominal value.

2. OPERATING INCOME – RESTRICTED AND UNRESTRICTED

2020 - all amounts in USD	Restricted	Unrestricted	Total
Member and partners contributions	-	13,744,925	13,744,925
Public authorities grants	783,830	-	783,830
Other grants received	860,901	-	860,901
Foundation capital	1,644,731	13,744,925	15,389,656

2019 - all amounts in USD	Restricted	Unrestricted	Total
Member and partners contributions	-	14,046,490	14,046,490
Public authorities grants	1,055,676	-	1,055,676
Other grants received	473,415	-	473,415
Foundation capital	1,529,091	14,046,490	15,575,581

3. EXPENSES BY CATEGORIES

2020 - all amounts in USD	Total 2020	Total 2019
Fund raising and general advertising exp.	1'223'844	1'326'355
Administrative expenses	4'502'938	4'149'966
Other operational expenses	7'848'655	9'886'004
Depreciation and amortization	69'356	101'312
Total operating expenses	13'644'793	15'463'637

Calculation method

- Administrative expenses relate to all expenses and time reported as administrative and that are related to the general operation of the organization

- Fund raising and general advertising relate to all expenses and time reported as a development of new opportunities and that are related to the general operation of the organization

4. EMPLOYEE INFORMATION AND REMUNERATION

The key management personnel of the charity are the 7 members of the Executive Team. The total employee remuneration of the Executive Team was 976'672 USD in 2020 and 882'206 in 2019 (during most of 2019 all members of the Executive Team took a 10% salary reduction).

No Foundation Board trustee received any remuneration from the Foundation during the year.

The Foundation employees by location:

	2020 Number	2019 Number
Europe	61	56
North America	8	10
Central and South America	22	19
Africa	21	19
Asia	101	109
Total	213	213

2020



5. TANGIBLE FIXED ASSETS

Currency: USD	Office equipment	Assets Under Construction	Total
At 1 January 2019	-		-
Additions	193'536	23'276	216'812
Disposals	(29'343)		(29'343)
At 31 December 2019	164'193	23'276	187'469
Accumulated Depreciation			
Charge of the year	98'836		98'836
Disposals	(26'884)		(26'884)
At 31 December 2019	71'952	-	71'952
Net book value			
At 31 December 2019	92'241	23'276	115'517
At 1 January 2020	714'327	23'276	737'603
Additions	64'798		64'798
Reclassification	23'276	(23'276)	
Disposals	(99'719)		(99'719)
At 31 December 2020	702'682	-	702'682
Accumulated Depreciation			
At 1 January 2020	622'086		622'086
Charge of the year	66'884		66'884
Reclassification	-		-
Disposals	(97'952)		(97'952)
At 31 December 2020	591'018	-	591'018
Net book value			
At 31 December 2020	111'664	-	111'664

6. INTANGIBLE FIXED ASSETS

Currency: USD	Intangible assets	Assets Under Construction	Total
At 1 January 2019	-		-
Additions	4'746	20'585	25'331
Disposals	-		
At 31 December 2019	4'746	20'585	25'331
Accumulated Amortization			
Charge of the year	2'473		2'473
Disposals			
At 31 December 2019	2'473	-	2'473
Net book value			
At 31 December 2019	2'273	20'585	22'858
At 1 January 2020	4'746	20'585	25'331
Additions		47'285	47'285
Reclassification			
Disposals			
At 31 December 2020	4'746	67'870	72'616
Accumulated Amortization			
At 1 January 2020	2'473		
Charge of the year	2'273		2'273
Reclassification			
Disposals			
At 31 December 2020	4'746	-	4'746
Net book value	-		-
At 31 December 2020	-	67'870	67'870

7. DEBTORS

Amounts falling due within one year	2020	2019
Debtors*	3'420'084	4'089'748
Accruals	176'823	167'950
Accrued income	1'387'974	936'558
Other debtors	168'797	163'220
Total debtors in USD	5'153'678	5'357'476

* Net Amounts, include a provision in 2019 and 2020 of respectively 50'522 USD and 144'843 USD

8. CREDITORS

Amounts falling due within one year	2020	2019
Creditors	539'447	427'111
Accrual liabilities	1'042'178	407'079
Other creditors	641	15'241
Total creditors in USD	1'582'265	849'431

9. PENSION LIABILITIES

all amounts in USD	
Earthworm employee Pension Foundation surplus cover 2020	-
Economic benefit 2020	-
Economic benefit 2019	-
Change during the year	-
Personnel costs 2020	479,823
Personnel costs 2019	464,525

In the year 2019 and 2020 there are no employer contribution reserves.

10. COVID LOANS

In April 2020, Earthworm entered into a COVID-19 Credit Agreement with UBS Switzerland AG to receive up to 0.5 million Swiss Francs (non-bearing interest loan) under Swiss Federal Government program to mitigate the economic impact of the spread of the coronavirus. In May 2020, Earthworm received 0.5 million Swiss Francs under the COVID-19 Credit Agreement. The loan has been reimbursed in May 2021.

In May 2020, Earthworm entered into a COVID-19 Credit Agreement with UMPQUA Bank in the USA and received 79'600 USD (non-bearing interest loan) under USA Federal Government program to mitigate the economic impact of the spread of the coronavirus. The loan has been reimbursed in April 2021.

11. LEASE COMMITMENTS

All the leases are linked with rental commitments.

Time period	Commitment in USD
Within 1 year	356'757
Between 1 and 5 years	704'259
Over 5 years	-
Total	1'061'015



12. MAIN TABLES IN CHF

Balance sheet

All amounts in CHF	Note	2020	2019
Cash at bank and in hand	7	8'549'393	4'686'291
Debtors		4'556'101	5'205'212
Current Assets		13'105'494	9'891'503
Financial Fixed Assets	5	-	42'614
Tangible Fixed Assets		98'716	89'619
Intangible Fixed Assets		60'000	2'208
Fixed Assets		158'717	134'442
Total Assets		13'264'211	10'025'946
Creditors	8	1'398'799	825'290
Deferred income - unrestricted		2'369'955	1'281'383
Deferred income - restricted		1'086'731	1'007'174
Short term liabilities		570'370	-
Liabilities		5'425'855	3'113'846
Retained earnings		8'662'731	7'019'079
Initial capital (50'000 CHF)		50'000	50'000
Cumulative translation adjustment		-874'373	-156'979
Foundation capital		7'838'358	6'912'100
Liabilities and Foundation capital		13'264'211	10'025'946

12. MAIN TABLES IN CHF

Statement of financial activities

All amounts in USD	Note	Total 2020	Total 2019
Operating income			
Member and partners contributions	2	12,893,839	13,957,435
Public authorities grants	2	735,295	1,048,983
Other grants received	2	807,594	470,414
Total		14,436,729	15,476,832
Operating expenses			
Personnel expenses	3	(10,272,502)	(11,591,391)
Operating expenses	3	(2,462,343)	(3,673,538)
Depreciation and amortization	5-6	(65,061)	(100,670)
Total		(12,799,907)	(15,365,598)
Operating Result		1,636,821	111,234
Non-operating result			
Financial result		811	(1,961)
Non-operating result		(63,446)	6,925,151
Extraordinary result		69,463	(15,312)
Result before change in fund capital		1,643,649	7,019,111
Allocation to voluntary retained earning		1,643,649	7,019,111
Total		-	-

Conversion rate

The conversion rates used from USD to CHF to close 2019 and 2020 financial years are respectively 0.97158 and 0.88405. The annual average conversion rates used from USD to CHF to convert the statement of financial activities of 2019 and 2020 are respectively 0.99366 and 0.93808.

13. ENTITIES INCLUDED IN THE FINANCIAL STATEMENTS:

Entity	Based in	Legal status	Relation
Earthworm Foundation	Switzerland	Foundation	Parent entity
The Forest Trust	United Kingdom	Company Limited by Guarantee and Charity	Connected entity
Earthworm Foundation	Cameroon	Representation office	Representation office
Earthworm Foundation	France	Foreign company not registered in the Trade and Companies Register	Branch
Earthworm Foundation	Ghana	Branch office	Branch
Earthworm Foundation	Ivory Coast	Representation office	Representation office
Earthworm Foundation	Vietnam	Representation office	Representation office
The Forest Trust	Brazil	Representation office	Representation office
Earthworm Foundation	Ecuador	Representation office	Representation office
Indian Earthworm Consultants Private Limited	India	Private Limited - company limited by shares	Connected entity
Yayasan Hutan Tropis	Indonesia	Foundation	Connected entity
PT. Sinergi Alam Tropika (PT Salt)	Indonesia	Private limited company	Connected entity
The Forest Transformation Malaysia	Malaysia	CLBG / Company Limited by Guarantee	Connected entity
TFT (business name Earthworm)	USA	Domestic Non-Profit Corporation, 501 (c)(3) status	Connected entity
Earthworm Foundation	LAO PDR	Operating permit	Connected entity

14. SUBSEQUENT EVENTS

No subsequent event occurred after the balance sheet date.

ANNEX 1: SUPPORTERS DURING 2020 (UNAUDITED)

3M	Feronia	Musim Mas Holdings
AAA Oils and Fats Pte	Ferrero	Natur Aceites
ADM	Florin	Natures Organics
ADM Cares	Freepoint Commodities	Nestle
Airbus DS Geo SA	Fuji Oil Holdings Inc	Noriap
April	Givaudan	Novial
APP - PT Purinusa Ekapersada	GIZ	Nutriswiss AG
Auchan	Godiva	OLAM
Avril	Golden Agri-Resources	Onem Gida San
Biscuits Bouvard	Golden Veroleum Limited	PARTNER COFCO
BLD Plantation Group	Groupe Rocher	Perechin
BNP PARIBAS	Grupo Bimbo	Petit Bateau
Bonduelle	Grupo Palmas	Pladis
Bordet	Gryfskand	Pro Fair Trade - Ceres Food
Bunge Loders Croklaan Group	Helvetas	Prosper PGC
B.V.	Heritage	PZ Cussons
BUT	Hershey	Purina
Carbobois	ID Group	Reckitt Benckiser
Carbofrance	IOI Edible Oils SDN BHD	REPSA (Grupo Hame)
Carbonex	Johnson and Johnson	Responsible Business Alliance
Cargill	Keck Seng	Sharma Industries
CASINO	Lacoste	Shell
Century	La Fabril	SIFCA
Cerelia	La Forestiere du Nord	Socfin
Clorox	LDC - Louis Dreyfus	Society for Corporate
Colgate-Palmolive	Commodities	Governance
Devred	LeClerc-Acedelec	Sodefor
Enviva	Les Mousquetaires	Terra Isara
Estice Espace	McCain	Upfield

CHARITABLE TRUSTS

Alcoa Foundation	Maison du Monde Fondation
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ORGANISATIONS

Department for International Development (DFID)	IOM – International Organisation for Migration	One Tree Planted
European Commission	Norwegian Agency for Development Cooperation (Norad)	Terres Innovantes
ILO - International Labour Organisation		UNDP - United Nations Development Programme



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