



**PALM
OIL &
COCOA**



2021

SUSTAINABILITY
progress
report

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Introduction to our partnership

The partnership between pladis and Earthworm Foundation began in 2018 when our desire to understand and transform the palm oil supply chain led to a deeper visibility of where pladis source from, the issues faced and how to address these. Increased transparency, transformation, monitoring and verification is a significant part of pladis' roadmap to responsible sourcing, including a supply chain free of deforestation, environmental damage and human rights abuses. We also understand we need to work collaboratively with partners to address these challenges creating positive impacts across pladis' supply chain, reputation and ultimately bottom line.

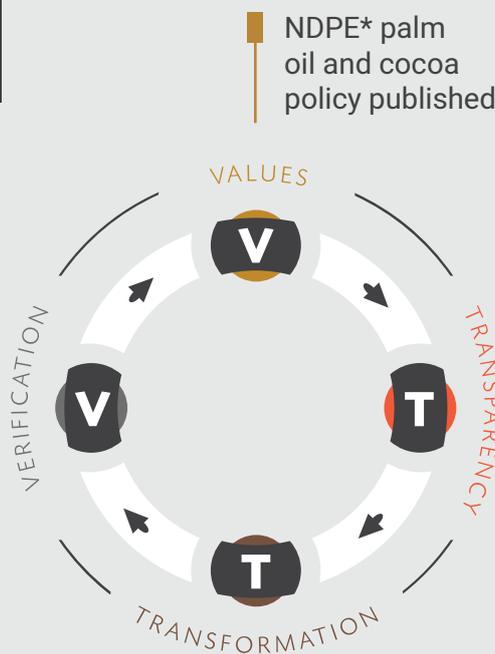
In 2020, the scope of the partnership was extended to pladis' sourcing of cocoa beans via Önem and, in 2021, to all cocoa products entering pladis' supply chain.

This report thus highlights pladis' palm oil and cocoa supply chain.

OUR PARTNERSHIP ACTIVITIES AT A GLANCE:

2021 summary of activities through our partnership approach.

Starling satellite monitoring of pladis main palm oil supply chain



NDPE* palm oil and cocoa policy published

Cocoa Sustainability Standard for suppliers published

Traceability programme continued for palm oil and commenced for cocoa
Supplier insights for priority engagement

Collaboration on Landscape programme in Soubré Landscape, Ivory Coast**, West Africa

Supplier outreach, engagement, assessment and action continued, expanded reach to direct and indirect suppliers

* NDPE: No Deforestation, Peat degradation, exploitation
** Ivory Coast also known as Côte d'Ivoire

Palm oil

Palm oil production has rapidly grown over the years with **72 million tonnes** produced in 2018 (see Figure 01 below)

84% of palm oil production comes from Indonesia and Malaysia (see Figure 02 below)

INTRODUCTION

Palm oil is a key raw material in many products. It is a very versatile and land efficient crop widely used in many food and non-food products.

The industry supports millions of livelihoods in tropical regions where palm is grown. These regions also contain valuable rainforests supporting unique biodiverse ecosystems where indigenous people and local communities coexist. Maintaining this balance is essential in all sourcing operations.

Figure 01: 

Global Palm Oil Production

(measured in tonnes)

Source:
UN Food and Agriculture Organization (FAO)

OurWorldInData.org/agricultural-production · CC BY

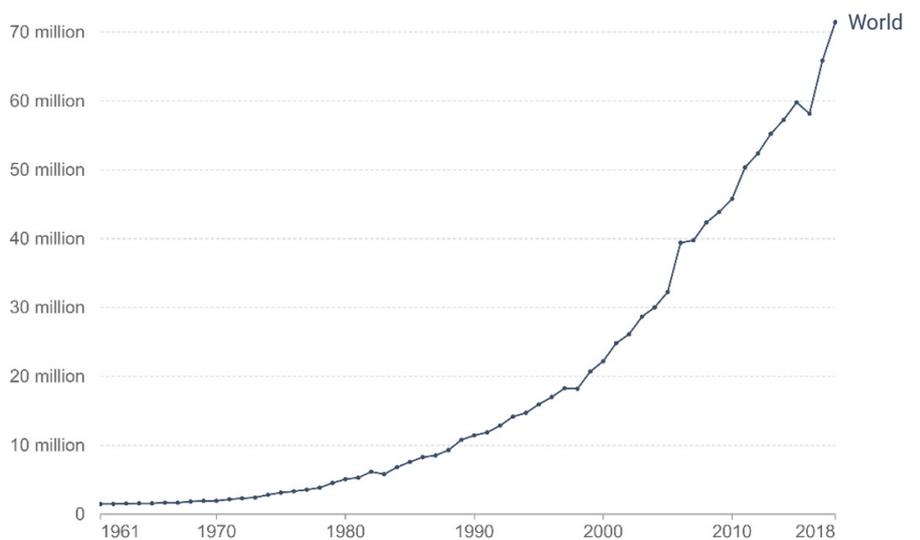


Figure 02: 

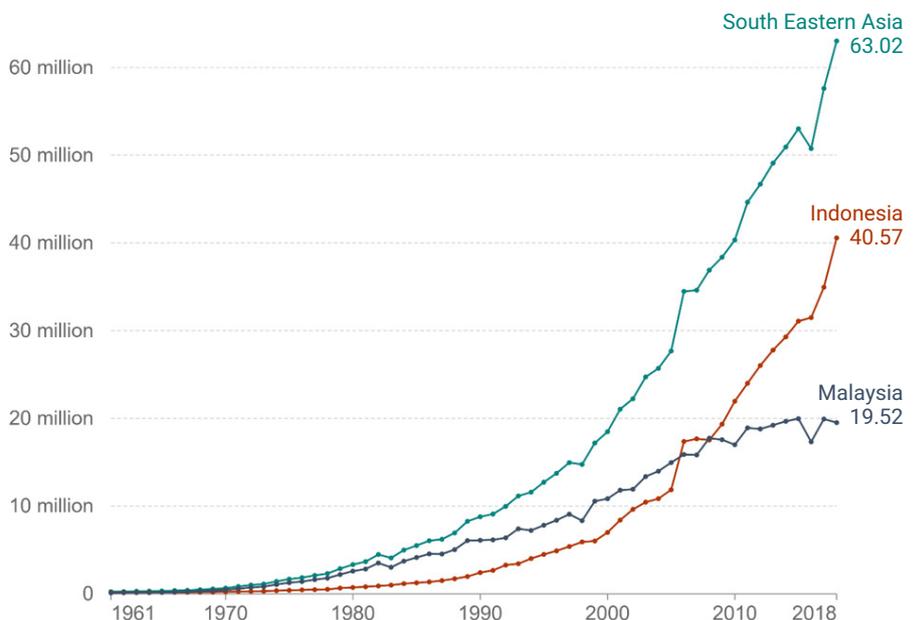
Palm Oil Production in Indonesia & Malaysia

(measured in tonnes)

In 2018, 72 million tonnes of palm oil was produced globally. Indonesia accounted for 57% of this (41 million tonnes), and Malaysia produced 27% (20 million tonnes).

Source:
UN Food and Agriculture Organization (FAO)

OurWorldInData.org/agricultural-production · CC BY





DESCRIPTION OF PLADIS' PALM OIL SUPPLY CHAIN

Palm oil comes from the fruit of palm trees where it is picked by farmers and sent to nearby palm mills for processing, further refined at refineries and shipped to factories as a key ingredient for products.

pladis source palm oil from Tier 1 suppliers located in a number of countries globally, originating predominately in Indonesia and Malaysia.



1404
palm oil mills

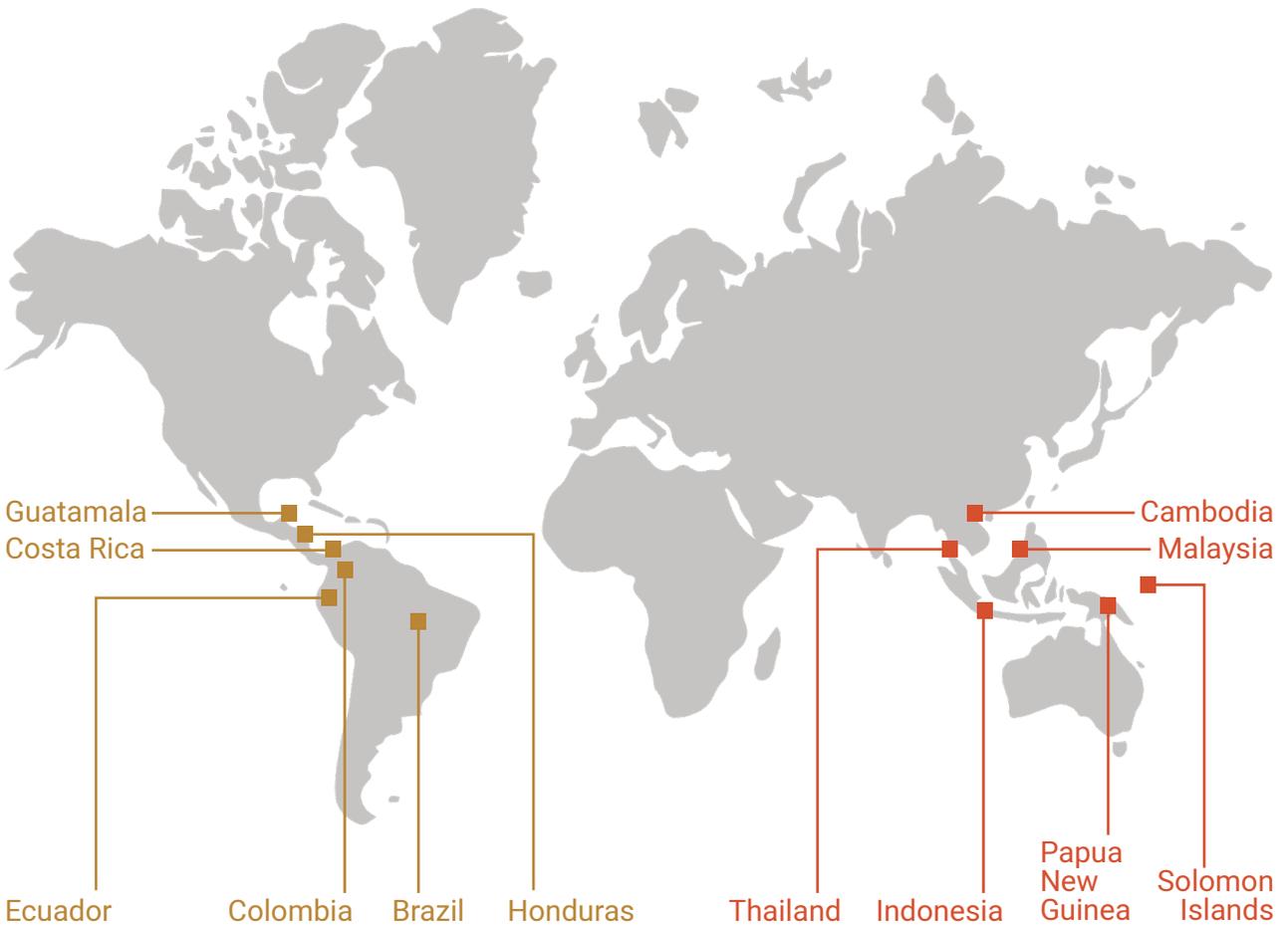


12
different countries



19
direct suppliers

PLADIS PALM OIL SOURCING COUNTRIES:



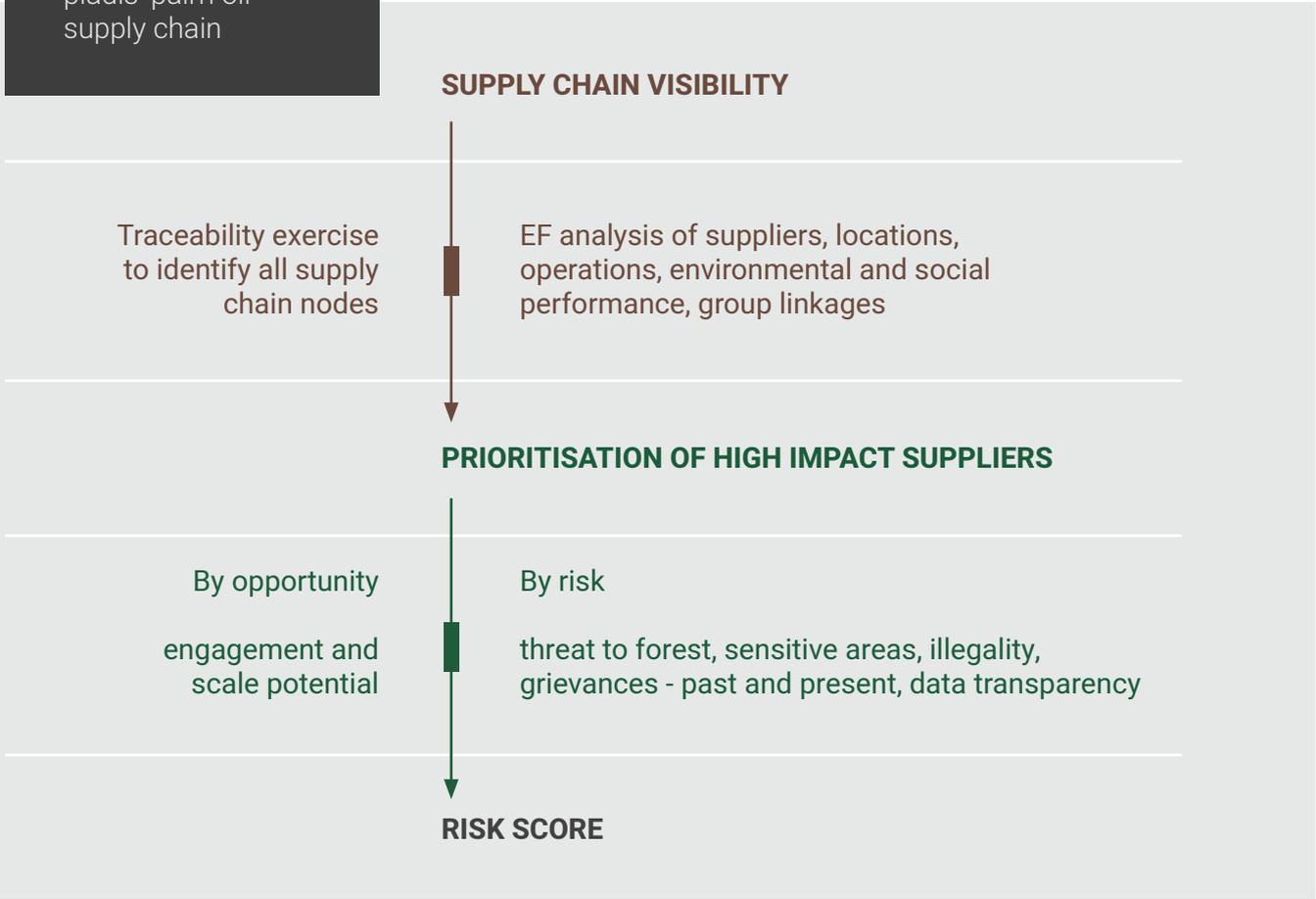
RISK ASSESSMENT

We recognize that responsible businesses should operate in a sustainable manner addressing environmental, social and economic aspects of operations. As part of a wider management review including the identification of material aspects, objectives and ESG analysis, risk management including assessment is a crucial exercise to undertake. Risk assessment can include actual and potential risks and highlight opportunities for improvement, taking account of dependencies and impacts on organisations’ total value chain actors and wider society. While there are many risk factors to address for pladis, for example sourcing and market countries social, legal, environmental, political, technological and economic stability, this section will focus on specific risks to pladis in relation to their palm oil supply chain.

Palm oil as a critical ingredient comes with supply chain risks related to where it is sourced, far upstream from consumption, and how it is transformed from an oil palm fruit bunch growing on a palm oil tree into a finished ingredient. To address and mitigate these risks, Earthworm and pladis have assessed pladis’ palm oil supply chain to identify and further understand their suppliers, in order to categorise the actual and emerging risks pladis face, and put in place management measures to eliminate, minimize, spread or control these risks. This risk assessment process is **outlined below**:

FIGURE 03:

Outline of risk assessment of pladis’ palm oil supply chain



SUPPLY CHAIN VISIBILITY

A deep analysis of pladis’ suppliers to facilitate a clearer understanding of pladis’ current operating environment was carried out in partnership with Earthworm, commencing with a traceability exercise in 2018, repeated in 2020 and again in 2021. Earthworm and pladis increased visibility of pladis’ supply chain through the different tiers, locations and facilities. Along with this, in late 2020, Earthworm carried out a detailed profile of pladis’ footprint in Indonesia and a grievance risk exposure review across all pladis’ palm oil suppliers.

An overview of pladis’ Indonesian supply chain is outlined below in Figure 04.

Priority:

Aceh and North Sumatera

Riau

West and Central Kalimantan

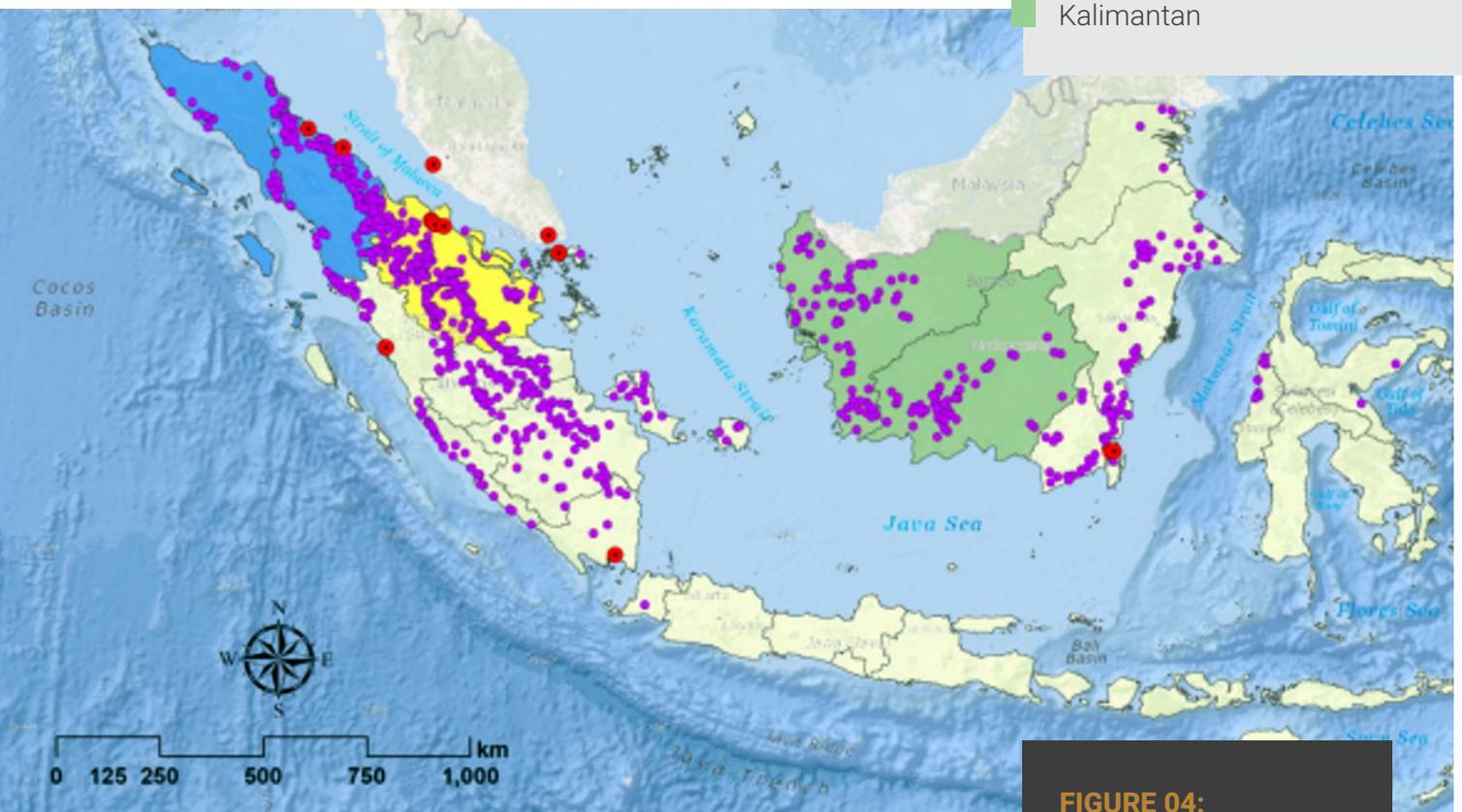


FIGURE 04:

pladis’ Indonesian footprint showing **palm oil mills in purple** and **palm oil refineries in red** – Starling satellite map extracted from EF/pladis Indonesia Supply Chain Profile report, 2020

This report was used to better understand where palm oil sourcing mills are located, what refineries at origin the mills are supplying and the key sourcing regions where pladis should focus activities going forward.

The grievance exposure review included a detailed analysis of pladis’ suppliers and their linkages to environmental and social grievances (complaints) and their potential impact.

Analysis included:

- research review of existing information on grievances related to
 - suppliers and their parent groups
 - NGO reports
- use of Earthworm's [Starling satellite technology](#) in partnership with Airbus, (see example Figure 05 below)
- Earthworm's local on the ground knowledge and engagement.

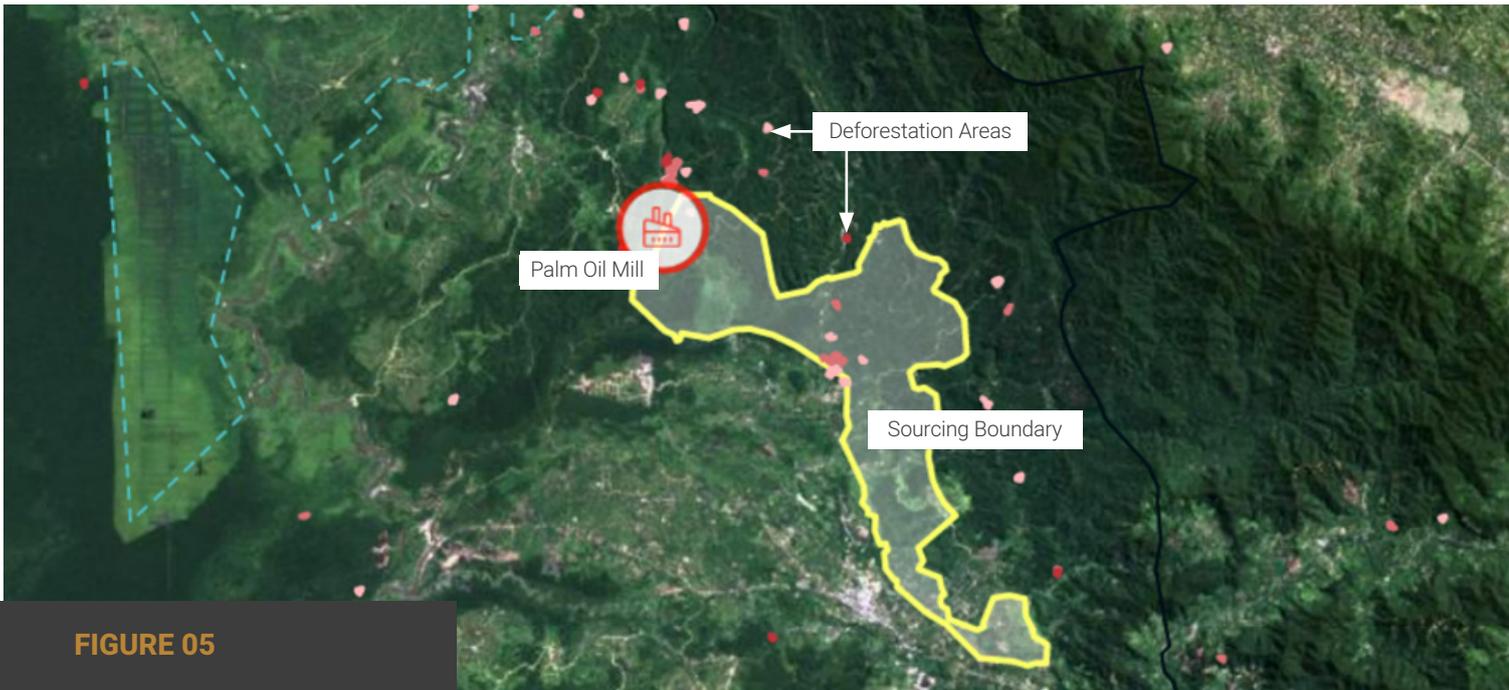


FIGURE 05

Example of map of grievance in Aceh, Indonesia, extract from Earthworm's Starling satellite monitoring tool

Through the above analysis we have gained a more complete picture to influence strategic and operational supplier management decisions. Insights into future potential grievances were also highlighted.

PRIORITISATION OF HIGH IMPACT SUPPLIERS

In order to deal with the vast array of suppliers and connections uncovered through the analysis of pladis' supply chain, Earthworm prioritised key areas and direct suppliers to focus on, to raise these grievances with and build action plans where needed.

This work has aided pladis in identifying potential and actual breaches in their [NDPE and Human Rights policies](#) and led to pladis' development of a grievance strategy and procedure in 2021. As part of this strategy, pladis and Earthworm have engaged suppliers to address these grievances and developed internal tools (e.g. grievance log) to assist pladis' departments, from procurement to communications, in management decisions in dealing with grievances.

ACTIVITIES AND ACHIEVEMENTS

Traceability:

We have advanced our partnership through the years, with improvements in supply chain traceability year on year, from a Traceability to mill rate of 84% in 2018 to 95.2% in 2021. In 2021, pladis have continued to engage suppliers to close this traceability gap. Traceability gives us visibility of the journey of pladis' palm oil ingredients in products right back to where those natural raw ingredients are sourced from. This helps identify and manage risks, targeting areas for improvement and engagement. Through engagement with key suppliers, exploring values, roadmaps and programmes, we have helped advance our understanding to address issues together.

NDPE Policy & Implementation:

In 2021, our partnership deepened across palm oil. We focused on key areas; aligning ambitions, publishing and implementing [pladis' NDPE policy](#). Through our active partnership and engagement, pladis are confident that they can now set a deforestation target and have committed to a global deforestation free supply chain by 2030 at the latest.

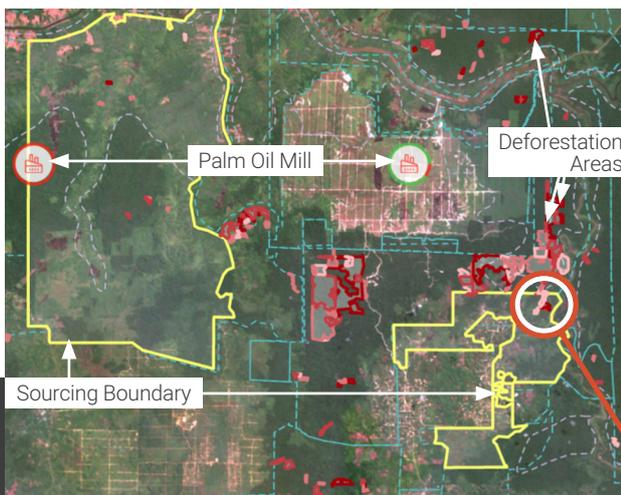


FIGURE 06

Example of deforestation monitoring and verification of palm oil mills and sourcing areas in pladis' supply chain, extracted from Starling (edited)

No Deforestation Monitoring and Verification through Starling satellite technology:

pladis and Earthworm started using [satellites](#) in 2020 to visualise pladis' operational footprint, obtain near real time data on deforestation and facilitate their engagement on deforestation and grievances with suppliers. Starting with a pilot supplier, Besler and Marsa, in 2020, they have extended their supplier scope to three suppliers covering 80% of their supply chain footprint in 2021 and have improved their verified deforestation free volume to 44% across pladis' total supply chain. In order to reach 100%, supplier engagement will be essential to collect additional information such as data on plantation boundaries and their connection with mills, as well as extending the analysis to cover the rest of pladis' suppliers. Supplier engagement on No Deforestation topics will unlock missing information and enable investigation of deforestation alerts detected.

2022 will be an exciting time for our partnership where we:

- ➔ will be driving transparency further up pladis' supply chain achieving greater visibility of the plantations where palm oil is grown,
- ➔ are committed to deeper supplier engagements on NDPE,
- ➔ will strengthen pladis' grievance procedures and governance internally,
- ➔ will increase deforestation monitoring and verification coverage across pladis' palm oil supply chain.



CHALLENGES AND LEARNINGS

pladis' palm oil supply chain varies from smallholder farmers to large suppliers and it is important that everyone works together to ensure that the products pladis' customers like are produced in a manner that upholds good environmental and social practices. We know that the regions where palm oil is grown experience issues such as deforestation, human rights injustices and biodiversity loss which must be addressed, whilst sustaining livelihoods and economic activity.

Challenges

Some of the challenges uncovered through our deep analysis and supplier engagement include:

- Limited visibility of parts of pladis' supply chain on supplier sourcing policies and strategies upstream
- Large number of mills in pladis' supply chain with various mill connections to these through different supplier tiers adding to complexity
- Limited on the ground verification of supplier data provided such as mill traceability and plantation boundaries
- Reluctance of suppliers to share information – such as refinery connections with pladis, compounded by the discovery that pladis have no direct connections to Indonesian refiners
- Deforestation risk originating mainly from smallholders
- Large undeveloped landbanks (stranded assets) where there is a risk of future development
- Risk of human rights abuses upstream with indirect suppliers
- Evidence of habitat and biodiversity negatively impacted

Learnings

Through our analysis and engagements, we have summarised some of our learnings below:

Palm oil supply chains have systematic risks associated with them and addressing them is challenging and a slow process

Building supplier relationships and trust takes time and patience – many of the suppliers are being engaged for the first time by pladis and are being asked for new data which some never collected before

pladis have found through engagement that all grievances cannot be solved through pladis' engagement only and leverage is limited. In these cases, often it is better to take a collective approach through a number of Earthworm members linked to specific grievances and deforestation alerts.



Cocoa

INTRODUCTION

Ivory Coast and Ghana produce **2/3** of the world's volume.

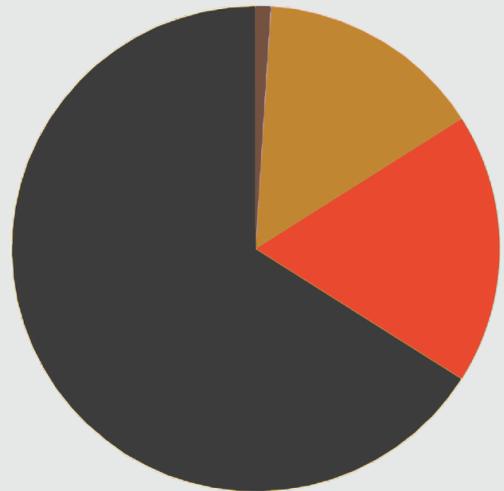
Ivory Coast alone produces **43%** of cocoa (or 1.9 million tonnes per year).

Cocoa is one of the key commodities in pladis' supply chain. Cocoa is the powder obtained after grinding the almond of the fermented flat cocoa beans produced by the cocoa tree. Cocoa paste is produced from fermented and roasted cocoa beans. This cocoa paste is the basis of chocolate, which comes from mixing this paste with sugar and usually cocoa butter.

Cocoa farms cover more than 8 million hectares globally, or 2 times the surface of the Netherlands. More than 90% of the world's cocoa production comes from 6.5 million smallholder farms of a few hectares. In total, nearly 40 million people depend on cocoa farming for their living.

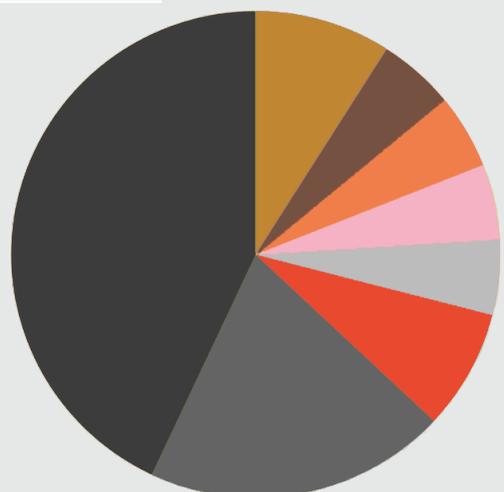
COCOA PRODUCTION

- 1% Oceania
- 15% South America
- 18% Asia
- 66% Africa



PRODUCING COUNTRIES

- 9% Others
- 5% Brazil
- 5% Ecuador
- 5% Cameroon
- 5% Nigeria
- 8% Indonesia
- 20% Ghana
- 43% Ivory Coast



DESCRIPTION OF PLADIS' COCOA SUPPLY CHAIN

The majority of pladis cocoa beans are sourced from West Africa, predominantly from Ivory Coast. pladis' cocoa processing is outlined below, from cocoa bean production to end product.

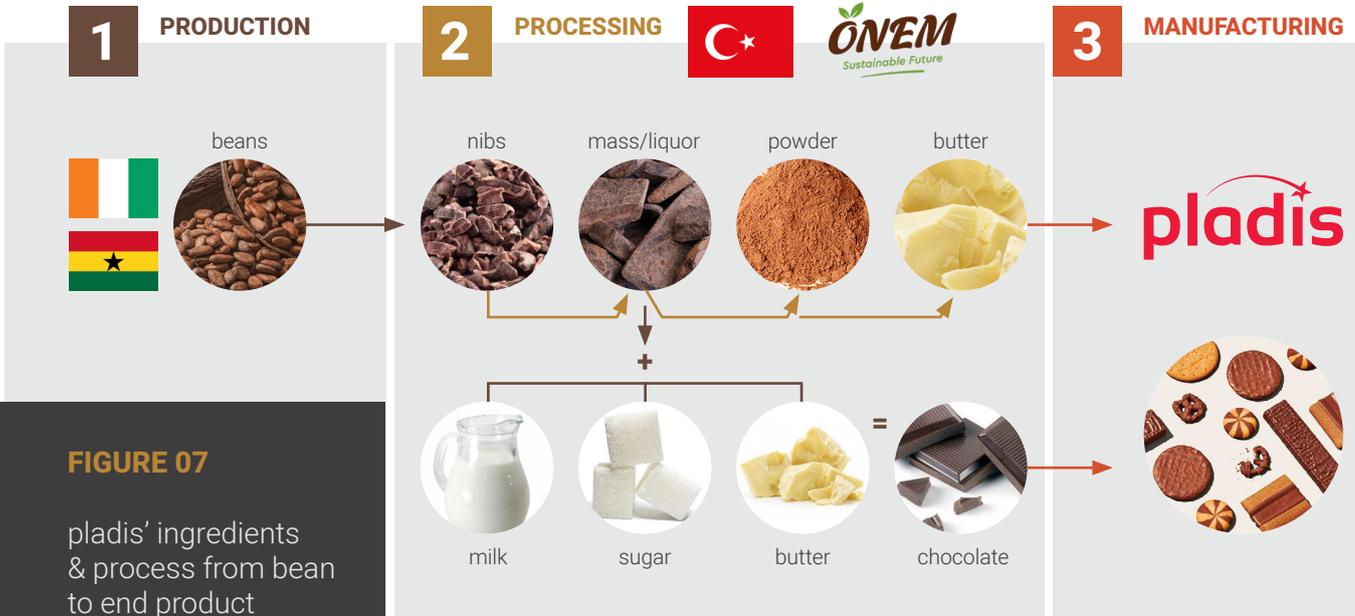


FIGURE 07

pladis' ingredients & process from bean to end product

pladis' supply chain is outlined below, from direct Tier 1 suppliers to four coops upstream.



FIGURE 08

pladis' cocoa supply chain

In 2021, Önem was acquired by Ülker Bisküvi, one of pladis' entities. Fildişi is owned by Yıldız Holding. Yıldız Holding is pladis' parent company.

RISK ASSESSMENT

Risks in pladis' cocoa supply chain are similar to those in the palm oil sector; a large number of smallholder cocoa farmers with poverty, limited access to knowledge of good agricultural practices, alternative income channels, livelihood support and markets with upstream problems of child labour and deforestation.

Earthworm and pladis started a journey in 2021 to discover what the gaps are, to understand the supply chain in greater detail. In assessing direct suppliers, using a similar approach in [Figure 08](#) for cocoa suppliers in section "Description of pladis' cocoa supply chain" above, we have assessed suppliers on risk and opportunity as follows:

→ Location - pladis predominately depend on one region, the Ivory Coast

→ Market - pladis depend on a small number of direct Tier 1 suppliers

→ Supplier risks assessed against:

- Policy commitments and action plan implementation over specified timelines
- Traceability and transparency – depth and coverage
- Scope, scale and impact related to pladis purchasing volumes
- Sustainability programme completeness on specific topics:
 - farmer resilience, training, income diversification
 - agroforestry, HCS/HCV* protection, deforestation, reforestation,
 - fair price and living income, human rights including child labour, health and safety, women empowerment, FPIC**, indigenous rights and land tenure,
 - grievances,
 - traceability,
 - carbon footprint,
 - independent monitoring and evaluation including use of satellite, certification, reference to elements within ISO 34101 on sustainable cocoa
- Timely and balanced reporting on progress

* **HCS:** High Carbon Stock . The High Carbon Stock is an inclusive approach to produce land use plans for the conservation of High Carbon Stock forests and High Conservation Value areas, community use and plantation development. <https://highcarbonstock.org/>

* **HCV:** High Conservation Value. The HCV Approach is a unique three-step methodology that helps protect HCVs where development will take place. It is referenced as a tool for achieving several UN Sustainable Development Goals, for achieving certification by voluntary sustainability schemes, for meeting corporate sustainability commitments, and as a mechanism to ensure responsible investments in forestry and agriculture globally. <https://hcvnetwork.org/>

** **FPIC:** Free, Prior and Informed Consent is a specific right that pertains to indigenous peoples and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It allows them to give or withhold consent to a project that may affect them or their territories. <https://www.fao.org/indigenous-peoples/our-pillars/fpic/en/>

ACTIVITIES AND ACHIEVEMENTS

Supplier Management and Engagement

In 2020 through our partnership we focused on building our understanding of pladis' main supplier, Önem, as well as their top three suppliers and their commitments around responsible cocoa sourcing, including cooperatives operations at origin. We also carried out a deep dive field assessment of cooperatives supplying Fildişi, one of Önem's main supplier of beans and a Yildiz Holding-owned trading company based in Ivory Coast. The purpose of this assessment was to understand current procurement operations and the current sustainability reality on the ground. Through our activities, we have assisted Fildişi in streamlining their supply chain, and entered long term partnerships with four coops we have identified as committed partners in advancing pladis' journey to sustainable cocoa. This streamlining results in a more manageable supply base.

(see Appendix for assessment)

Additionally, through improvement of supply chain traceability as well as completion of a questionnaire to better understand their sustainability commitments and practices, Earthworm supported engagement with the remaining two main bean suppliers to Önem, to assess their interest in collaborating with Önem on sustainable cocoa sourcing.

Through this work, and based on continued engagements with the Önem and Fildişi teams, this year we engaged in a second round of work focused on deeper assessment of these four coops recently integrated into the Önem supply chain. This work is to tangibly implement, and track progress against, Önem's Beyond Cocoa commitment <https://www.onemgi-da.com.tr/en/sustainability#our-policies>.

These assessments are underway with some notable results to date on key steps to take forward including further traceability to farms and mapping.

In 2021 pladis and Earthworm have actively engaged with all pladis' Tier 1 suppliers of cocoa products to understand their plans and

PICTURE A

One of the cooperatives supplying Fildişi



activities in building pladis' roadmap to sustainable sourcing. pladis have consulted all their Tier 1 cocoa suppliers on their new cocoa standard for suppliers to ensure it is robust as well as aligned with the standards used by pladis' suppliers, and analysed best practice across the cocoa industry with the assistance of Earthworm.

In partnership, we have also issued sustainability questionnaires targeting Tier 1 suppliers of cocoa products to gather information on status and stages of suppliers programmes. These questionnaires have prompted further discussion on NDPE policy and procurement practices, traceability, human rights, environmental practices such as agroforestry, chemical use, restoration and support to cocoa farmers. Gaining this insight will allow pladis to build a stronger supplier assessment and risk management strategy along with a roadmap towards a more robust and measurable implementation programme in partnership with their cocoa suppliers, where implementation will be understood and more accepted.

In addressing opportunities, pladis and Earthworm will carry out deeper analysis of the findings from recent supplier engagements, align findings with pladis' sustainable cocoa standard and identify suitable opportunities that meet their ambition towards a sustainable cocoa supply chain.

CHALLENGES AND LEARNINGS

Through Earthworm's work with supply chains, we realize that independent farmers and cooperatives represent a significant part of the production base and face many challenges **outlined below**:



Challenges that farmers face:

Poor connections: farmer-intermediary-buyer

No access to training, credit, inputs, quality seedlings

Low value creation

Dependence on single crop

Limited food production on farm



Challenges that cooperatives face:

Poor connections with farmers

Traceability back to the plantations weak

Lack of HR empowerment

Dependence on pre financing

Low level of zero deforestation engagement

Limited focus on social and environmental aspects of the supply chain



Impacts on livelihoods and physical environment:

No clear policy implementation

Low productivity, low cocoa beans quality

Poor working conditions, high risk of accidents

Encroachment into forest

Soil degradation

No habitat protection (water streams, etc.)

Cash flow issues, access to markets, etc.

ADDITIONAL CHALLENGES FOR WOMEN

Women face additional challenges in farming.

In Ivory Coast, gender disparities are still glaring. Yet women are recognised as a key link in the Ivorian economy. In the primary sector (agriculture, livestock breeding), the backbone of the country's economy, they represent nearly 60 to 70% of the active population. In cocoa production, for example, most farms are owned by men, with approximately 30% of women managing cocoa, rubber and vegetable farms. Their plantations are small – 0.5 to 3 ha and it is difficult to have a sustainable livelihood and support children, especially for widows who inherit plantations from their deceased husbands.

In the Nawa region (where Soubré is located), in addition to difficulties related to lack of participation in local governance, unequal access to economic opportunities and credit, women face restrictions in accessing land resources.

Women's economic empowerment is directly linked to

These constraints affect women's ability to become financially empowered, to have decision-making power and control over household income management, and even to exercise leadership within their communities. This is why we apply a gender lens in our activities.



a more productive crop



increased household income



better educated children



enhanced health and nutrition

In working with pladis we are conscious of these challenges and need to build strategies that are practical and realistic.

Learnings

Through engagement with cocoa suppliers, we have summarised some key learnings below:

Traceability in the supply chain of conventional cocoa products and particularly for cocoa liquor, butter and chocolate, is challenging, which gives pladis limited visibility to cocoa sourcing locations at farmer and coop level

There are a number of different programmes in existence across cocoa suppliers and it is difficult to visualise the scope and reach of these programmes to understand coverage of pladis' supply chain

There is no common standard of reporting across pladis' cocoa suppliers used, so it is difficult to benchmark suppliers through KPI evaluation and supplier performance.



2021

Case study

Soubré Landscape
Ivory Coast, West Africa



2021

Soubré landscape



THIS IS SOUBRÉ:



Total: 977,565.39 Ha



Taï National Parc in landscape: 111,947 Ha
Natural Reserve in the Landscape: 15,873 Ha
Forest reserves in landscape: 76,336 Ha

Protected Forests: 20.88%



Cocoa:
77 %



Palm Oil:
1.31 %



Rubber:
12 %



Total population: 1,053,084
90% in the rural area



WHY SOUBRÉ?

Taï National Park – best preserved forest in Ivory Coast and UN World heritage since 2002

Niegre and Mont Kourabahi forest reserves >80% forest cover loss

Smallholder production: Palm oil 60%, Cocoa 100%, Rubber 65%

Smallholders productivity is low

Poor farming practices, high poverty rates

Biggest cocoa production region: 20%

EF present since 2014

Good connection to local communities, industries, authorities and other stakeholders

COLLECTIVE ACTION THROUGH OUR PARTNERSHIP

Earthworm’s work in the Soubré region began in 2015 with an initial focus on oil palm. The programme quickly evolved into other commodities such as cocoa. In 2021, pladis started to support the landscape with additional partners. Over the time, we have shifted our focus on building and maintaining farmer resilience to preservation and protection of remaining forest areas.

Our strategy for 2021 to 2025 through continued partnerships focuses on 6 axes:



Supply chain transformation



Resilient farmers



Community rights



Forest protection & restoration



Regenerative agriculture



Stakeholder support & capacity building



Today, EF’s activities in Soubré focus on 2 of the 6 above mentioned axes



Resilient Farmers Strategy for 2021

The main areas we focused on were:

Technical support for improved productivity and diversification of income sources, directly and through supply chain partners.

Connection between farmers and community members to set up community projects and to implement new business ideas, for example Village Saving Loans Associations in the next section.

PICTURE B

Example of technical support: Replication of training on image box by SCOPACI (cocoa cooperative) to a farmer group

VSLA

VILLAGE SAVINGS AND LOANS ASSOCIATIONS (VSLA)

VSLAs help improving the livelihoods of farmer families by engaging them in the diversification of income sources and best management of their resources.

What is it:

Village Savings and Loans Associations (VSLA) allow village populations to have access to finance. These funds are made up of common savings, saved by the participants of the programme, that are loaned out at an interest rate below the microfinance rate. Typically, the participants would not normally have access to any financial support. This programme also provides entrepreneurial support giving participants the opportunity to improve their livelihoods, future prospects and income.

Who takes part:

Men and women take part in the programme with the majority being women. Participants include a mix of cocoa farmers' family members, traders and primary school teachers. All these people are linked to cocoa, which is the main activity in this area.

How does VSLA work:

First, we identify suitable participants through engagement with the communities on the ground, form groups with common interest and desire to get involved, build their relations among the groups so they can share experiences and learning and encourage each other.

Earthworm carry out training on savings for future projects, encouraging participants to develop income-generating activities to support their families, giving them confidence and a sense of fulfilment. During their weekly meetings the participants receive advice and training on nutrition, children's rights, health-care and treatment as well as entrepreneurship.

PICTURE C

Creation of VSLA group, drafting of statutes and internal regulations



PICTURE D

We carry out group monitoring, management of savings and granting of loans



identify participant through community engagement



form and nurture VSLA group



financial training and entrepreneurship support



health and social training

FIGURE 09

VSLA: a path to resilient women farmers

VSLA

VSLA achievements we are proud of:

We continue to increase the participation of VSLA, increasing savings, loans and repayments.

We have seen:

- an increased uptake in the rate of savings
- an increase in requests to join the VSLA
- loans used to improve yield and set up alternative business to support local communities

Case study

VSLA- Farmer voices

**Djodjo Karidja, cocoa farmer's wife**

"I am the president of the Wanezi VSLA group at Obrouayo. I borrowed money from our fund for the sale of school supplies (222 USD), in October 2021. In the group we are men and women who learn to save and borrow small funds for income-generating activities that create profit and allow us to repay the loans with low interest rates. I have to repay (244 USD) in three months.

With VSLA we no longer have to worry about where to find the funds. I invite everyone to join VSLA groups and start an activity."

**Farmer Yakis**

"When EF arrived in 2015, they met me. They reviewed my practices which needed improvement. I was not earning a great income. I listened to their messages. I accepted the adventure of transformation with them. I listened to their advice. I applied the practices they taught. I maintained my cocoa, palm and coffee plantations. Then, on their advice, I started to raise cattle. I have 18 heads and I also sell some. I manage to save money. I take care of my family. The plantations are well kept. I have also started a small business for my wife. From 1 small freezer for selling fish, we now have 2 large freezers. We only had 2 bicycles for the family, now we each have a motorbike for our trips. We also have a tricycle for transporting our products from the field to the marketing areas. I have great confidence in EF and its support."

IMPACT OF OUR PARTNERSHIP IN 2021

1. Resilient farmers - impact



Forest protection and restoration

- Forest protection and restoration strategy for 2021: The main areas we focused on were:
- Targeted interventions to preserve existing forests and rehabilitate degraded land. Strong engagement with stakeholders.
- Technical support to smallholders on agroforestry practices and environmental protection.



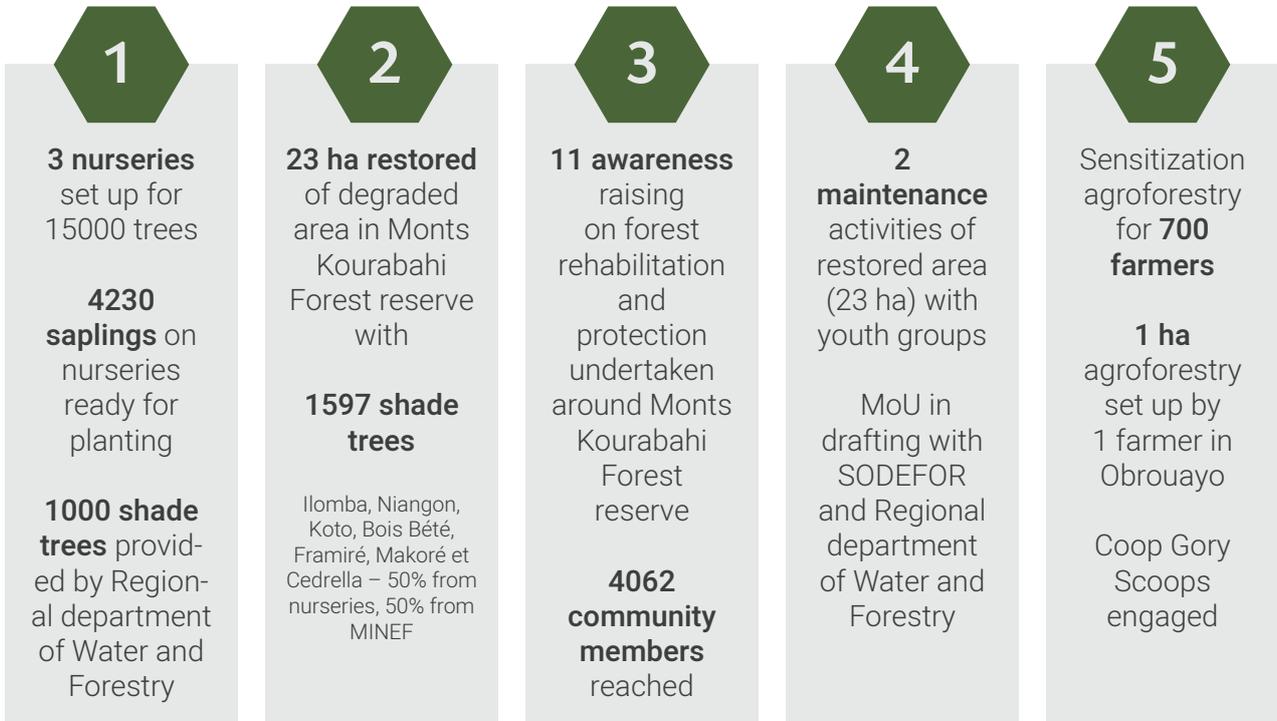
PICTURES E & F

Shade tree planted in Mont Kourabahi forest reserve

Palm nursery for old farm renewed at Kpada

IMPACT OF OUR PARTNERSHIP IN 2021

2. Forest protection and restoration - impact



Strategy 2022

In the coming years, EF’s landscape approach in Soubré is expected to grow and include ambitious targets on all 6 axes presented earlier.

We will continue our focus on the main commodities of cocoa and palm oil.

For 2022, our ambition is to continue engagement with agribusinesses and support them in improving their upstream sourcing strategies.

Support to smallholder farmers will be strengthened through close collaboration with agribusinesses, including cooperatives.

Our work in communities will continue to focus on action for forest restoration and protection, VSLA groups and support to individual farmers to improve their plantations and diversify their activities.



PICTURE G
 planted native tree species on the Mont Kourabahi Forest reserve degraded area

COLLECTIVE ACTION THROUGH OUR PARTNERSHIP



Results 2021

- 1377 farmers engaged
- 6885 community members indirectly impacted
- Collaboration with 6 cocoa cooperatives
- 4 VSLAs (Village Loan and Saving Associations) set up, 11 women and men have diversified their source of income
- 23 ha of degraded area restored in Monts Kourabahi Forest reserve
- 4062 community members reached with awareness raising on forest rehabilitation and protection
- Sensitization on agroforestry for 700 farmers



Targets 2022

- 1000 additional farmers engaged
- 15 cooperatives engaged
- 2000 cocoa farms mapped
- 10 cooperatives engaged in human rights analysis (labour rights and child labour)
- 150 women and men diversify their source of income
- 300 women with access to finance
- 100 ha of degraded area in forest reserve restored
- 750 ha of cocoa farms with agroforestry



Targets by 2025 (cumulative)

- 4000 farmers engaged
- 50 cooperatives engaged
- 5000 cocoa farms mapped
- 150 cooperative workers have contracts
- Companies & coops with CLMRS*
- 2000 women and men with diversified source of income
- 1000 women with access to finance
- 715 ha of forest conserved
- 2365 ha of degraded area in forest reserve restored
- 4000 ha of cocoa farm with agroforestry
- Participatory land use plan implemented by partners in the landscape



* CLMRS : Child Labour Monitoring and Remediation System

About us

Earthworm

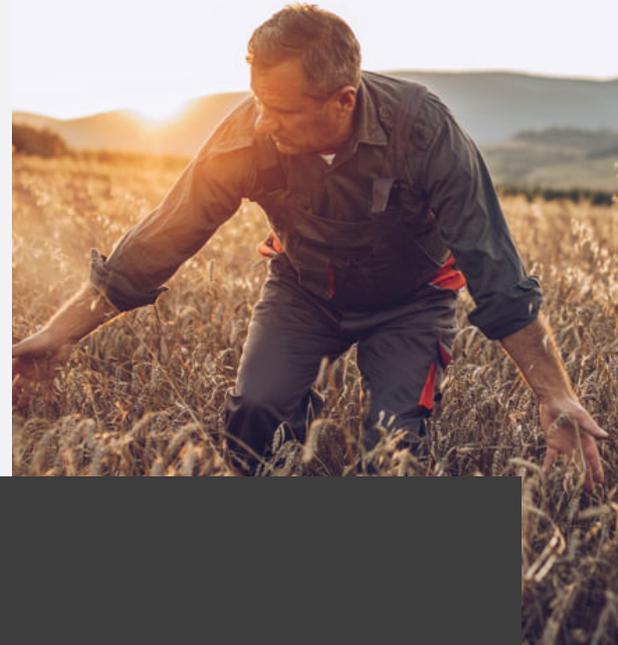
About Earthworm Foundation

Earthworm Foundation is a non-profit organisation built on values and driven by the desire to positively impact the relationship between people and nature.

We currently have a presence in more than 16 countries including Indonesia, Malaysia, Ecuador, Peru, Brazil, India, and several locations within Africa, Europe and the Americas. We employ more than 200 people worldwide and work with big and small companies, communities and producers of raw materials, to create compelling cases of transformation. With an innovative and entrepreneurial spirit, we work with people to create inspiring transformation stories.

With most of our staff operating directly on the ground where the issues are, we work with our members and partners to show that global supply chains can be an engine of prosperity without causing destruction of communities or ecosystems.

We focus on creating value, engage without judging and carry hope and a positive vision of the future.



pladis

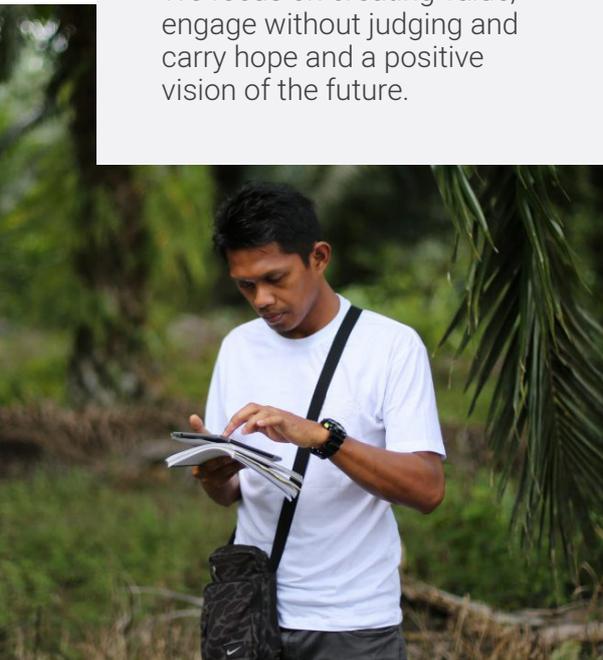
About pladis

pladis is one of the world's leading snacking companies. We are the proud steward of over 300 years of family baking and confectionery experience.

Our purpose is to bring happiness with every bite. It's a commitment shared by every pladis colleague, all around the world.

Family and ideas have always been our ingredients. Our founding families believed biscuits and chocolates could bring moments of happiness to the world. Their ideas have stood the test of time. Their spirit continues to inspire our future. It's in the care and the craft we bake into biscuits and chocolates that have been loved for generations. And it's in the fresh ideas, the new twists, flavours and textures we add to old and new favourites.

Our 16000 colleagues, in every corner of the world, bring their own experience of happiness to pladis. Each of us is unique but coming together as one family of bakers and chocolatiers working hard, with pride and with purpose. Because after all these years, we still believe biscuits and chocolates bring people together.



Appendix

COCOA/TOOLS - ÖNEM 'BEYOND COCOA' STANDARD

ÖNEM

Sustainable Future

Beyond Cocoa



PEOPLE



PLANET



PRODUCT

ENABLERS
Collaboration, Partnerships, Trainings, Empowerment

VALUE AREAS	IMPROVING PEOPLE'S LIVES	PROTECTING AND REGENERATING RESOURCES	ENSURING PRODUCT INTEGRITY
STRATEGIC FOCUSES	1. Farmers' Welfare 2. Protection of Children 3. Local Community Development PROTECTION OF CHILDREN	1. Deforestation & Agroforestry 2. Climate Change 3. Responsible Chemical Use DEFORESTATION & AGROFORESTRY	1. Traceability & Transparency 2. Product Quality 3. Responsible Sourcing TRACEABILITY & TRANSPARENCY
STRATEGY TOOLS	1. Support Living Income Differential (LID) programme 2. Implement Child Labor Remediation programme 3. Open dialogue with local communities and NGOs 4. Upskill farmers via trainings and coaching UPSKILL FARMERS VIA TRAININGS AND COACHING	1. Leverage technology (satellites, GPS mapping), to ensure agroforestry and non-deforestation practices 2. Reduce carbon emissions along the supply chain 3. Support local partnerships to train farmers on safe use of chemicals SUPPORT LOCAL PARTNERSHIPS	1. Partnerships with selected suppliers for long term collaboration 2. Publish annual progress report (Sustainability Reporting) 3. Use the latest technologies for full transparency from farm to consumers SELECTED SUPPLIERS FOR LONG TERM COLLABORATION

COCOA/TOOLS - ÖNEM COOPS ASSESSMENT CHECKLIST

NAME OF COOPS:

AUDITOR:

DATE:

TRACEABILITY & TRANSPARENCY

Of the total amount of beans purchased by the coop, what % (by volume) is traceable to farm level?

Of the total amount of beans purchased by the coop, what % (by volume) is traceable to farm level with GPS locations and farm size?

Were there instances of child labor that the coop identified and publicly reported on in the past 12 months (Yes/No and if yes, how many cases?)

LIVING INCOME

Please indicate the programs and activities the coop is undertaking to provide support for cocoa farmers:

- 1 School for children
- 2 Empowerment for women
- 3 Education with farmers (including income diversification)
- 4 Clean water
- 5 Sanitation
- 6 Environmental education (deforestation, agroforestry and chemical use)
- 7 Programs to increase crop yield
- 8 Child labor prevention education
- 9 Other (please specify)

Please indicate how the coop is measuring the impact of these programs

Does the coop know the average household income (or have any data on the household income) of the cocoa farmers the company is working with or sourcing from? (Yes/Some - in the process of researching/No)

Does the coop know by how much (by percentage) has the household income increased or decreased in the last 12 months and 24 months?

CHILD LABOR

Does the coop have a child labor monitoring and remediation system (CLMRS) (or a specific system which the coop has implemented, designed to deliver similar or better outcomes) in the communities it sources cocoa from?

How many farms (and what percentage of the farms the coop is supplying pladis from) are covered by the child labor remediation system?

What does the CLMRS (or equivalent system) of the coop include? Check all that apply:

- 1 Development and implementation of community action plans to protect children and tackle child labor
- 2 Processes to identify all children in communities and to intervene with those at most risk of child labor
- 3 Training on the causes and consequences of child labor
- 4 Processes, if it becomes necessary, to remove children from a situation of harm
- 5 Facilitators present in the community to raise awareness and identify cases and request remediation actions
- 6 Gathering, aggregating and analyzing data to improve the system
- 7 Monitoring school attendance
- 8 Ensuring children have birth certificates
- 9 Other (please specify)

Is Earthworm in a position to assess the impact of the CLMRS and if so, what are the main findings?

If extreme poverty of the family is found to be the cause of child labor, what will the coop do to increase the income / support of the family?

What are the coops future plans / road map for further development of its policies and actions to prevent and remediate child labor? Please provide evidence.

DEFORESTATION & CLIMATE

Does the coop has a deforestation-free monitoring system and if so, how does this system work?

Does the coop know the % of cocoa that it sources for pladis coming from:

- 1 Areas deforested since 2010
- 2 Farmers who have been deforesting after november 2017

Please describe the activities undertaken by the coop/farmers for forest protection, restoration, conservation of protected areas and parks and provide some evidence

AGROFORESTRY

What percentage of cocoa the coop sources, is grown in an agroforestry setting?

Does the coop provide any training and support for initial investments when farmers in the coop's supply chain are transitioning to growing in an agroforestry setting

Yes - full compensation and training (describe and provide evidence of what support is provided and details about the training conducted)

Yes - some support and training (describe and provide evidence of what support is provided and details about the training conducted)

Yes - training only (describe and provide evidence of the details about the training conducted)

No

CHEMICAL MANAGEMENT

How is/are the coop/farmers ensuring that children are not exposed to pesticides? Please provide details

Does the coop have a policy on the use of chemicals in the cocoa supply chain and if so, please could it share the policy?

COMMENTS:

PLADIS SUSTAINABILITY COCOA STANDARD

We aim to source the cocoa we use in our products in a socially and environmentally responsible manner.

Our vision for a sustainable and thriving cocoa industry is one where farmers prosper, communities are empowered, human rights are respected, and the environment is conserved and enhanced through regenerative practices.

As we are not an agricultural company, we work in partnership with other stakeholders to bring our vision to life. We know more can be achieved together and through collaborating with peers, suppliers, NGOs and others, we aim to build strong relationships and drive and encourage improvements along our supply chain.

Our standard covers our entire cocoa supply chain globally and sets out the requirements expected from our direct and indirect suppliers. It includes upstream supply chain compliance with laws and regulations, as well as requirements to create positive impact and minimize the negative impact on natural resources, farmers and communities.

We expect all of our cocoa suppliers to conduct business responsibly and transparently and to adhere to the principles in this standard.

Our standard can be divided into three areas:

1. Securing human rights and responsible social practices
2. Ensuring environmental protection and regeneration
3. Promoting transparency and collaboration along the supply chain

HUMAN RIGHTS AND RESPONSIBLE SOCIAL PRACTICES

All suppliers and subcontractors to pladis must confirm that all their activities comply with the provisions of pladis' Human Rights Policy.

Where products or services of suppliers are carried out by a supplier or outsourced company, the supplier to pladis will ensure that these provisions are also applied and that it will undertake due diligence with those sub suppliers before agreeing to commence commercial relationships as well as on an ongoing basis.

In addition, suppliers must confirm that all their activities and those of their suppliers comply with the following provisions:

- Take action to prevent exploitation of people or communities, recognizing the rights of indigenous and local communities to give or withhold their free, prior and informed consent to the utilization of lands to which they hold legal, communal or customary right;
- Take action to prevent child exploitation, including having an action plan in place to ensure 100% of sourcing farms in West Africa are covered by child labour monitoring and remediation systems;
- Work with stakeholders to assess how farmer's income and worker's wages in the supply chain compare with a living income and strive to bridge the gap, if any;
- Improve farmer resilience and sustainable livelihoods.

ENVIRONMENTAL PROTECTION AND REGENERATION

Our vision is to have a deforestation-free cocoa supply chain

in which the environment is conserved and enhanced through regenerative practices.

All suppliers and subcontractors to pladis must confirm that all their activities comply with the provisions within pladis' No Deforestation, no Peat, no Exploitation (NDPE) Policy.

Where products or services of suppliers are carried out by a supplier or outsourced company, the supplier to pladis will ensure that these provisions are also applied and that it will undertake due diligence with those sub suppliers before agreeing to commence commercial relationships as well as on an ongoing basis.

In addition, suppliers must confirm that all their activities and those of their suppliers comply with the following provisions:

- Adopt the principles of agroforestry and regenerative agriculture that builds soil health (including carbon storage capacity), increase on-farm biodiversity, contribute to climate resilience and regeneration of ecosystems and to food security and income diversification for farmers;
- Support community forest protection and restoration;
- Support sustainable production particularly through non-chemical means such as grafting, pruning, hand pollination, limiting waste and loss of the crop.

TRANSPARENCY AND WIDER ENGAGEMENT

Transparency and collaboration is essential to understanding, addressing and creating positive impact for people and the environment. Together with our suppliers, we commit to:

- Proactively assess and mitigate the risk of noncompliance with our commitment;
- Implement a comprehensive action plan with regular progress reporting every 12 months;
- Promote greater transparency of suppliers' cooperative and farm names and locations;
- Increase cocoa supply chain traceability to improve traceability to farm level;
- Actively engage with our direct suppliers to ensure their progress on action plans;
- Participate in on the ground transformation activities.

HIGH LEVEL IMPLEMENTATION OF THE STANDARD

- pladis will require suppliers to communicate this Cocoa standard down their supply chains.
- pladis will include this document in the standard terms and conditions of doing business.
- pladis will partner with industry experts and NGOs to identify suppliers at risk, develop implementation plans and, when needed, organize capacity building sessions on the elements within this standard.
- pladis will work with suppliers to address non-conformances in pladis' supply chain.
- pladis will define key performance indicators to measure performance against this cocoa standard and provide periodic progress updates.
- pladis will take appropriate initiatives and potentially legal actions, if that supplier fails to comply with this standard or recommended remedial measures.
- pladis will review this standard on a periodic basis to ensure it is fit for purpose and reflects a philosophy of continuous improvement. Changes will be communicated to suppliers accordingly.

PLADIS SUSTAINABLE COCOA PRODUCTS QUESTIONNAIRE:

Supplier name

Sustainable Cocoa Questionnaire

Policy/Procurement

Do you have a sustainability cocoa sourcing commitment?
If yes, please share.

Do you have sustainable cocoa sourcing targets?
If yes, please share.

Do you have an action plan to meet your sustainable cocoa sourcing ambitions?
If yes, please share.

Does your company have an official position on human rights due diligence?
If yes, please share.

Do you have an agroforestry policy in place?
If yes, please share

Do you have a policy addressing the use of crop protection products?
If yes, please share.

Have you set targets for reducing crop protection products in production?
If yes, please share targets and progress.

Do you have a water usage policy in place?
If yes, please share?

Have you set targets for reducing water usage in cocoa production?
If yes, please share targets and progress.

Do you have a policy addressing the reduction of CO2 emissions and do you have reduction targets in cocoa production?
If share, please share policy, targets and progress.

What sustainable cocoa industry groups does your company participate in (e.g. WCF, CFI, etc.)?

What is your current approach to buying certified cocoa?
(e.g. no interest, company commitment to buy 100% certified, only buy when price is attractive, etc.).

What is the process for new contracts and adding new suppliers
(e.g. do you have specific requirements suppliers must meet before they can become a supplier? Is there a supplier evaluation process?, etc.)?

What percentage of the cocoa products you purchase are traceable to cocoa cooperative?
Please describe the process to collect this information.

What percentage of the cocoa products you purchase are traceable to farm level?
Please describe the process to collect this information.

Do you publicly report your traceability information?
If yes, please share link to the information. If not, is your company planning on doing so?

Changing practices at farmer level

What is your approach to ensuring that farmers in your physical supply chain are earning fair prices (e.g. paying living income differential (LID), other premium program, etc.)?

Please describe any activities which your company is supporting to increase the net income for farmers? Please share any information on scope of this program.
(% of farmers benefiting from this).

Do you have specific initiatives promoting smallholders?
If yes, please share.

Are you supporting farmers transition to agroforestry/climate-smart productive systems?
If yes, please share additional information about this program (e.g. action plan, scope, etc.).

Do you have a process to ensure that deforestation-free cocoa is entering the supply chain (satellite monitoring system, deforestation risk analysis, etc.).
If yes, please describe.

Are you supporting any programs to protect or restore forest areas?
If yes, please describe.

What is your approach to ending child labor in your physical supply chain (e.g. CLMRS, etc.)?

Are you addressing inclusion and diversity in your supply chain?
If yes, please describe.
(e.g. women empowerment, gender measurement, equality and equity).

Is there any other sustainability initiative which you would like to mention?

END OF REPORT



pladis

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