



**COCOA  
SOURCE**

SOURCE & DELIVER

**SUSTAINABILITY  
REPORT 2021**

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## GENERAL CONTEXT

Cocoasource has a long-term vision and the will to empower communities at origin and this is very much reflected in the growing desire to facilitate and help create vertically integrated, sustainable supply chains.

It has now been three years since Cocoasource created its sustainability department with dedicated staff in charge of traceability, projects, and certifications. Sustainability teams are also located at origin with Cocoasource subsidiaries in Ivory Coast, Uganda, Togo and Ghana.

projects. This has helped the cooperatives make the most of their potential and become leaders in their industry.

Cooperatives are an entry door to many communities and can be the gathering point for many development projects. We believe that public institutions have a major role to play, but so do we as a private company sourcing from these communities.

## What did Cocoasource witness during the last decade working in the industry?

After some 25 years in the cocoa industry, we witnessed an enduring fragmented agriculture system, with millions of farmers depending mostly on cocoa cultivation, accounting in some cases for about two-thirds of cocoa farmers' income.

As stated in our sustainability policy, we decided to focus on five main areas of attention and implemented projects focussing on the aspects of education, access to electricity, access to clean water, diversification of activities, and reforestation.

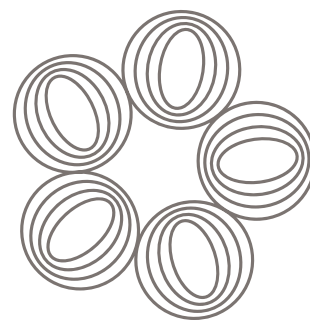
## Poverty and difficult conditions of living

Most cocoa farming families live in extreme poverty. Independent farmers operate on small farms of less than three hectares with an average yield of only 3-400 kilos per hectare.

In addition, farmers face high production cost and lack access to financial services. With low incomes and low economic resilience, they face difficult living conditions and struggle to meet their basic needs.

More recently, Covid 19 impacted the whole industry, but especially the lives of millions of farmers with a temporary drop of global demand. This resulted in reduced empowerment of the producing communities.

We are committed to our partner-cooperatives and facilitating projects that are useful to both ends of the value chain: higher levels of traceability and quality, and specifically targeted impact



## PROJECT FINANCE AT COMMUNITY LEVEL

Most projects mentioned in the present report are financed through certification premiums paid by the final off-taker.

Rainforest Alliance and Fairtrade are the two main certification programs in our supply chain. Sometimes products are even multi-certified, and organic certification is also increasing. The corresponding premiums allow the projects to exist.

In some cases, clients also finance special projects. For example, Ferrero financed the planting of 20'000 native trees for three of their partner cooperatives during the year 2021.

Occasionally, Cocosource also contributes to specific projects, either autonomously or with the support of financial partners.

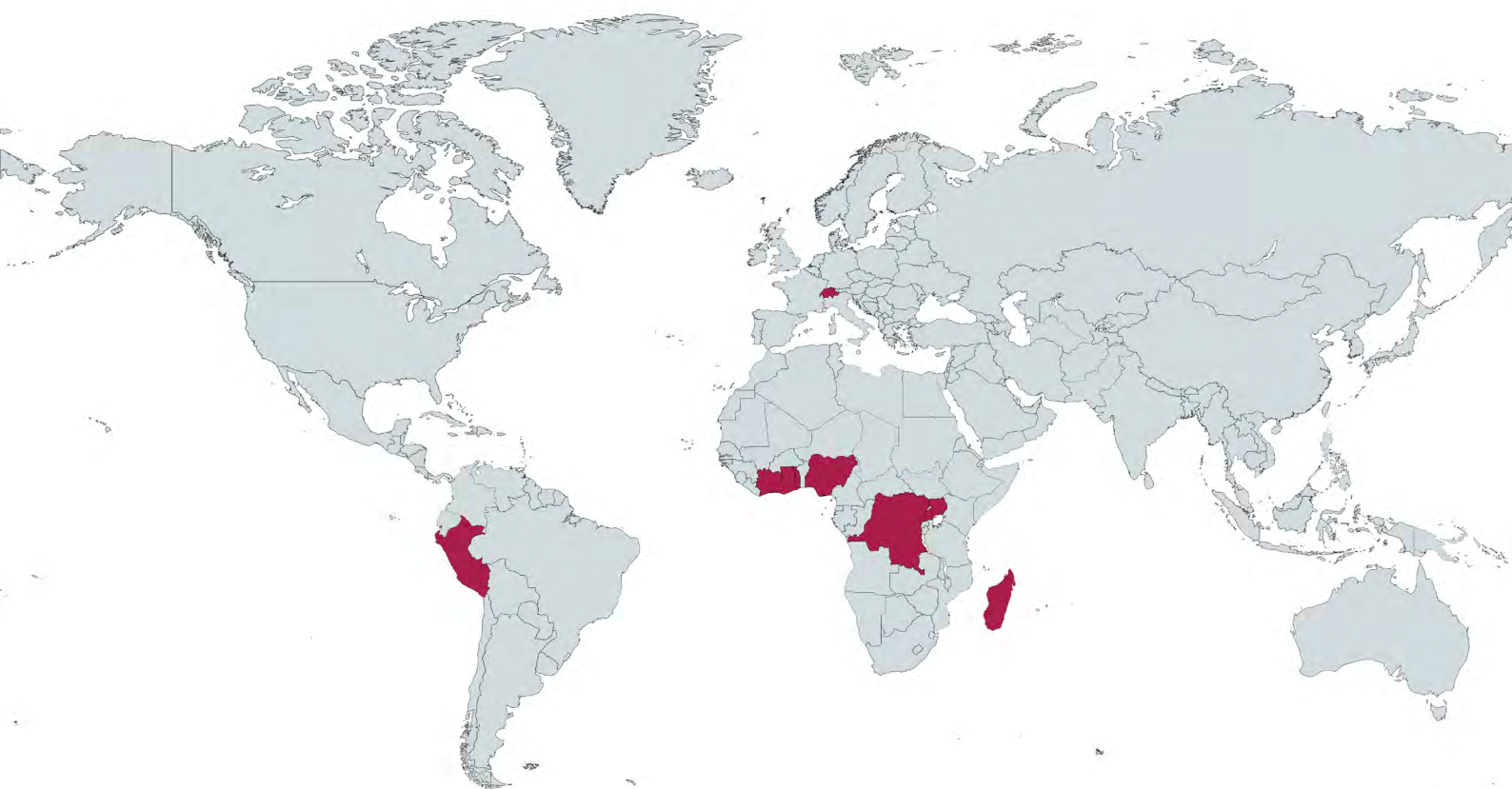
In 2021, Cocosource initiated and pre-financed RA and Organic certification procedures of four farmers groups in Ivory Coast, Ghana, Togo, and Uganda.



# TRANSPARENCY

Please find hereunder some data concerning the 2020-2021 cocoa season, i.e. from October 2020 upto and including September 2021:

2020/21	Ivory Coast	Ghana	Peru	TOTAL	% of total certified cocoa	% of total CCS sales
Fairtrade	2 150	1 225		<b>3 375</b>	21%	7%
UTZ	9 075			<b>9 075</b>	56%	18%
Fairtrade + UTZ	650	325		<b>975</b>	6%	2%
Rainforest Alliance		2 200		<b>2 200</b>	14%	4%
ORG-EU	250	150		<b>400</b>	2%	1%
ORG + UTZ	100		25	<b>125</b>	1%	0.3%
<b>TOTAL</b>	<b>12 225</b>	<b>3 900</b>	<b>25</b>	<b>16 150</b>	<b>100%</b>	<b>32.44%</b>
<i>Total Cocoa delivered in 2020-2021 (MT)</i>					<b>49 788</b>	



# TRACEABLE & CERTIFIED

The previous table shows what has been sold and exported as certified product during the 20-21 crop. However, it is important to note that a good portion of the beans sold as conventional are coming from certified farmers and we intend to promote this additional capacity with our consumer-facing brand partners over the coming year.

Our total current capacity for traceable cocoa beans is around 45'000 mt.

We are members of the following internationally oriented cocoa organisations:



**TRACEABILITY SYSTEM** In cooperation with the partner cooperatives.

**AT FARMGATE**  
All members are registered, have their farms mapped giving us area. Yield assessments are made for each farm through yearly visits and quotas are then established

**AT COOPERATIVE**  
Weekly declaration of the outgoing trucks with lot number, weights and other specifications

**CERTIFICATES**  
**+680** The cooperative upload a certificate of traceability for each lot of 25 tons and farmers quotas progress

**AT EXPORT** Accepts trucks coming from cooperative. Declare shipment on weekly basis, lot by lot, with BL and container numbers  
Stock is automatically calculated

**TRADER**  
Declaration of Bill of Lading and reconciliation  
Project to link with exporters transaction  
Check all certificate of traceability

**WE MONITOR MEMBERS VOLUME.  
COOPERATIVES KEEP TRACK OF END DELIVERIES.**

# SUSTAINABILITY WITH COMMON SENSE

We support our partner cooperatives in getting new certifications, implementing traceability as of the farm gate and implementing projects that have immediate impact on the living standards of their local communities.

Our philosophy is to connect these communities with consumer-facing brands. This creates a vertically integrated supply chain that ensures the long-term consistency of prices and premiums paid, as well as the durability and robustness of the accompanying projects.



Cocoa producer  
from Kotobi,  
Ivory Coast

And we are Rainforest Alliance, Fair trade, Fair for Life and Organic certified.



# COCOASOURCE SUSTAINABILITY IN 2021

**14'468  
FARMERS**

**Registered** in database

Cocoa farms **mapped**

**44'867  
HECTARES**

**16'887 mt**

**Traceable cocoa** sourced

**Premiums** to cooperatives

**€7,7M**

**14'073**

**Children** monitored in CLMRS

**Schools** constructed in 2021

**2**

**102'653**

**Trees** distributed and planted



# 2021 ACHIEVEMENTS

## DIRECT CASH DISTRIBUTION



Once a year, a fair share of the premiums received by the cooperatives is directly distributed to their members in cash. This is done proportionally to what farmers have delivered to the cooperative during the crop.

to redistribute a part in cash to members, but also to implement community projects and to strengthen the professional capacity of the farmer's group.

For the year 2021, more than 2 million euros have been distributed in cash to 14'468 members of our partner-cooperatives in IVC and Ghana.

In total, EUR 7.72 million in premiums have been conveyed to Ghanaian and Ivorian cooperatives for the 20-21 cocoa crop. It allowed cooperatives



Premium cash distribution day in Ivory Coast.



First premium cash distribution in Uganda.

# IMPROVEMENT OF QUALITY OF LIFE

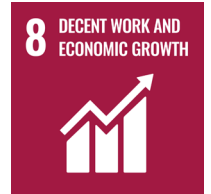
Our philosophy is to first ask the communities what their requirements are, so that projects address their real needs such as food supply during the covid lockdown, distribution of cookstoves, or construction and rehabilitation of water pumps.

## WATER PUMPS

Access to water has always been one of the strongest demands from communities when performing interviews and assessments of needs.

In the last five years, 23 water pumps have been installed and renovated. During the year 2021, 8 new water pumps were set to work to

reduce distance to clean water for farmers' families living in remote areas.



New water pump in Meagui, Ivory Coast

## VSLA - VILLAGE SAVING AND LOAN ASSOCIATIONS

A VSLA is a self-managed organisation of 15 to 25 members of a community, created to securely save money and allow its members to take out small loans. Women are often well represented in these associations.

The cooperatives often initiate, animate, and subsidise these associations. As the groups gather frequently, it allows them to perform training-sessions and awareness-raising activities.

In 2021, our partner cooperatives have established 70 new VSLA with 872 new members.

In total, we now count 101 VSLA with 1'581 members in our supply chain. This year they have saved EUR 81'255 and loaned EUR 53'711 to support small businesses projects of their members or relatives.

## COOKSTOVES DISTRIBUTION

The cookstove distribution projects we launched at cooperative level two years ago is now a success. We notice a strong demand for this equipment. In the year 2021, 500 cookstoves have been distributed to members of cooperatives.

Improved Cookstoves allow people to cook more efficiently and to save up to 60% on firewood, and 40% on charcoal.

Health condition has improved as the stoves can be used outside rather than inside where people would intoxicate themselves with smoke (HAP - Household Air Pollution) and people have less heavy loads to carry. This is important, as we know kids are generally in charge of these domestic tasks.

Larger scale use of this type of equipment should cause a significant reduction of the negative impact on forests and reduce carbon emissions for domestic purposes while allowing people to save on their energy expenses.

8

**Water pumps installed**

70

**VLSA established**

500

**Cookstoves distributed**



## DIVERSIFICATION AND PRODUCTIVITY

The diversification of income generating activities allows farmers to become more resilient to economic shocks and offers better income perspectives.

A good project example is the creation of an income diversification centre in Méagui, Ivory Coast. It involved the creation of a chicken farm and there are plans to venture into beekeeping activities and market gardening as alternative sources of revenue.

The centre is also used to provide trainings, to supply schools with food for the children and to produce organic fertilizers for their organic cocoa production. It should result in increased employment in rural areas.

## TRAINING AND PROFESSIONALISATION

Trainings are given on cocoa cultivation and agroforestry and more generally all themes of GAP - Good Agricultural Practices.

Most of the 14'468 certified members we source from received training sessions. The training sessions are given by coaches working at the cooperatives and who have already received training themselves.

To make knowledge sharing possible, there are demonstration plots that can welcome around 20 participants per session. It is also a good place for members of the cooperative to meet and share their experience.

In 2021, no less than 161 demo plots have been set up in the communities of our partner cooperatives.



Training session in one of the demo plot established.



Diversification center  
in Meagui, Ivory Coast.



## COCOA AND CHILD LABOR



Child labour is a widespread phenomenon on many West African cocoa farms.

Children on cocoa farms often perform dangerous tasks, such as spraying chemicals, carrying heavy loads, or opening cocoa pods with sharp tools such as machetes. Children in these situations are often deprived of schooling. After a certain time, it is getting more complicated for them to catch up.

There are many factors leading to child labour in cocoa. In the communities we source from, cooperatives perform analyses on the various causes by visiting each member household and interviewing them, enabling them to identify the most pressing issues and to address their main causes through dedicated projects financed by, and in cooperation with, their partner final customers.

The cooperatives also finance groups of young adults helping the members with their farming activities. In 2021, 5'264 farmers received help from 725 youngsters gathered in community service groups.

Installing school canteens improves the attendance of children while representing less of a nutritional burden for parents with limited means.

All the above, in addition to a very close follow up, could lead to an immediate decrease in the number of child labour cases in cocoa.



Schools constructed via premiums.

## CLMRS - CHILD LABOR MONITORING AND REMEDIATION SYSTEM

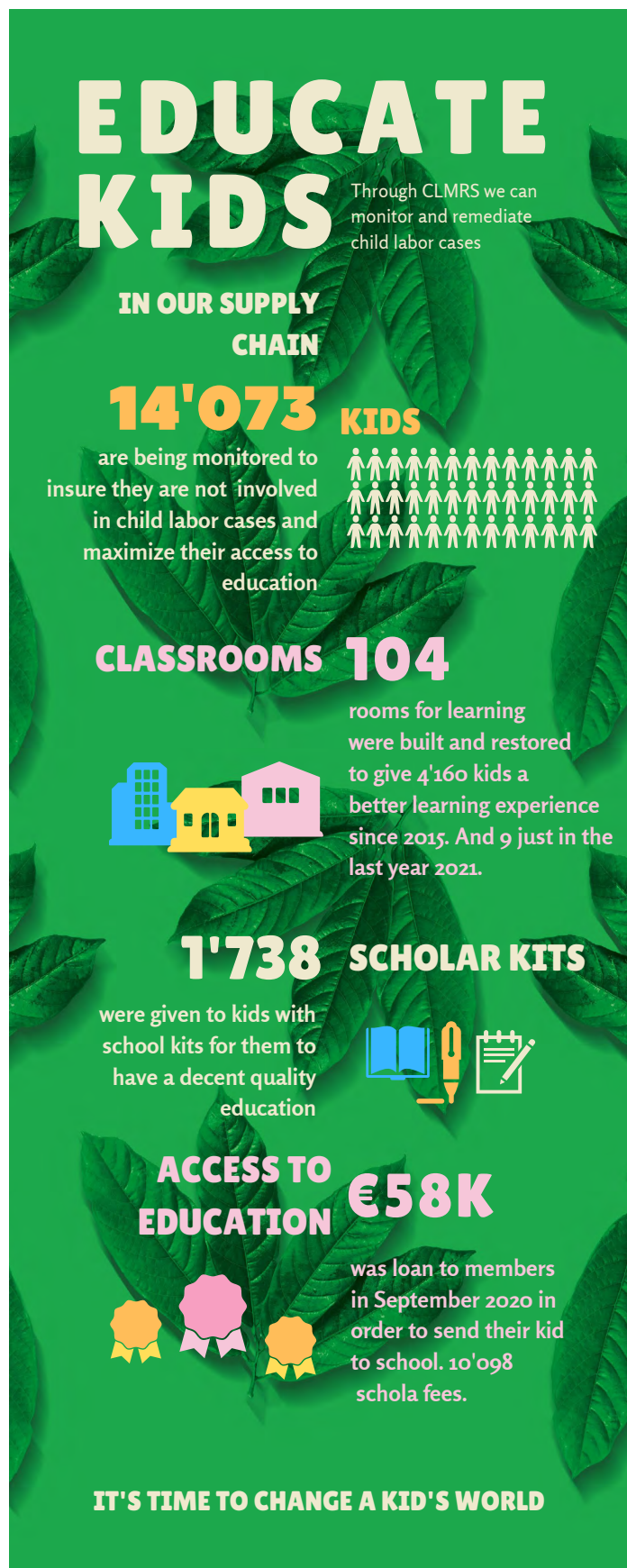
We require each of our partner cooperatives to have a child labour monitoring and remediation system in place.

Thus far, 9'272 households have been visited multiple times during 2021 and 14'073 children are being monitored in our supply chain. Amongst them, a total of 1'864 children are not going to school (13%). And 724 children have been identified as being involved in child labour (5%).

100% of these 724 children involved in child labour are being taken care of with remediation activities such as payment of 1'098 school fees and distribution of 1'738 scholar kits, obtention of 888 birth certificates (mandatory to register at school in Ivory Coast), as well as the establishment of bridge classes and organisation of parents' sensitization sessions.

It is fundamental to offer kids an easy access to a quality education and 2 schools have been constructed for a total of 9 classes in 2021.

Since the beginning of our partnership with the cooperatives, 19 schools have been built for a total of 104 classrooms complete with all the necessary equipment such as latrines and school canteens. The capacity of this infrastructure allows for the accommodation of 4'160 kids.



## ENVIRONMENTAL PROTECTION

Recent climatological developments signify the importance and urgency of protection, restoration, and promotion of biodiversity and the sustainable use of terrestrial ecosystems.

We also notice that misconceptions about the productivity of cocoa trees are pushing farmers towards intensive monoculture and that wood is perceived as a profitable commodity. This is the reason why all the farmers of our partner cooperatives receive regular trainings on GEP – Good Environmental Practices.

Swollen shoot disease is undoubtedly an important factor in the degradation of cocoa trees, allowing the drying of branches and the emergence of weeds due to light holes, defoliation, the destruction of plant cover, leading to the death of many trees.

To avoid ending up with full sun monoculture, 72'273 multipurpose trees have been grown in tree nurseries and distributed to members of the cooperatives to be planted on their farms

in 2021. 30'380 native trees were also distributed to be planted off-farms to fight deforestation.

We all have an important role to play in managing the ecosystem we interfere with. Applying decent agroforestry rules is one way to make a positive impact on the global greenhouse gas emissions and the maintenance of biodiversity.



Tree nursery in Divo,  
Ivory Coast



# DECARBONISATION AND FIGHTING GLOBAL WARMING

The greenhouse gas emissions are a major environmental challenge for companies dealing with soft commodities traded around the world. Companies must play their part in reducing emissions to meet the carbon budget set by the scientific community.

We started accounting for our direct carbon emissions in 2020 and the process allowed us to quantify our own emissions, so that we understand our climate impact and set internal goals to limit it. The impact of staff movements by air and road (including commutes) is quantified and monitored and we fully compensated the 25 tons of CO2 emitted in 2021.

## Cocoasource took the COP26 opportunity to join the GoodShipping Program!

By decarbonising 500 metric tons of CO2, we are reducing our impact on our planet. This is equivalent to the CO2 emitted for sea transportation of around 6'000 metric tons of cocoa beans from West Africa to Western Europe.

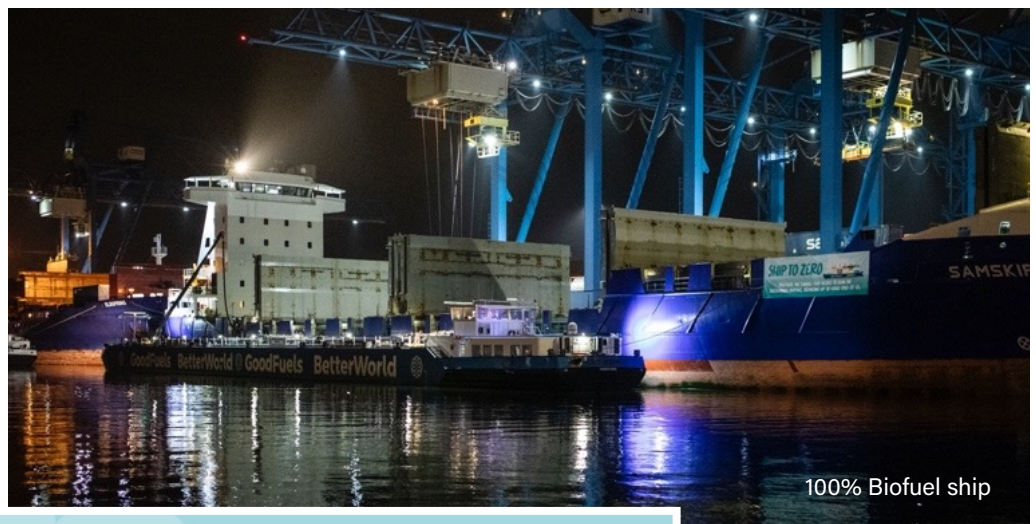
It is only about 10% of our cocoa movements but we're on track to do more!

Ship to Zero is enabling us and ship owners to lead the way in making shipping green.

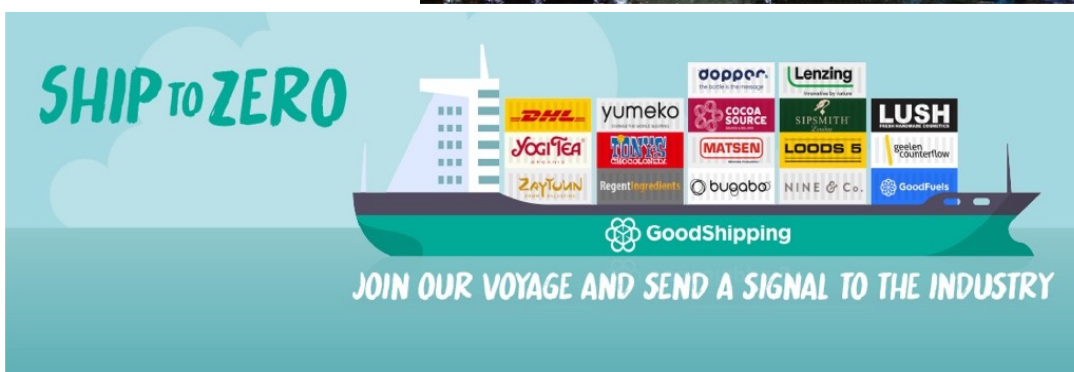
The initiative makes it possible for companies to ship their goods in a climate-neutral manner without impacting their supply-chain schedules.

We are proud to be participating in this sustainable voyage, especially at a time when shipping is in the spotlight of sustainability discussions. The impact on climate change is reduced by using the principle of mass balance. GoodShipping facilitates a fuel switch where- and whenever it is most feasible, and in volumes proportionate to the amount of cargo transported by its clients.

Through customers covering the fuel premium, GoodShipping enables the supply of sustainable, advanced biofuels to shipping companies, thereby facilitating faster uptake of this decarbonising solution.



100% Biofuel ship



# LET'S DO MORE IN 2022



## Togo

Cocoasource is currently providing financial and technical support to a cooperative in Togo to achieve Rainforest Alliance certification. This is made possible through our subsidiary Cocolomex SA. We are currently looking for consumer-facing brands to assume (shared) responsibility for a portion of this dedicated supply-chain.

## Uganda

This year, ATW and Cocoasource have supported farmer groups in their process to become Rainforest Alliance and Organic certified. About 1'700 metric tons of cocoa is now RA certified. A large part of this cocoa is also Organic certified. Part of the project is already backed by final customers, but we are still looking for more consumer-facing brands to assume (shared) responsibility for a portion of this dedicated supply-chain.

## Ivory Coast

In these countries, we are continuously looking to develop additional, sustainable supply chains for cocoa, cashew, and other commodities, always with the ultimate aim of improving the lives of the farmers and their families.

We are currently supporting a cashew cooperative in getting its Organic certification and in relation to this, a needs assessment is being carried out with the main objective to assess the needs for water, electricity, and education. This can be done in an efficient manner thanks to the experience gained from the cocoa community.

Cocoasource has officially incorporated its export operation called Bahari Sarl in DR Congo in the second half of 2021.

Bahari realised its first cocoa purchase and export operations and following further consolidation of operations, we intend to start certification of the first partner cooperatives in 2022.

**WANT TO SHARE YOUR  
IDEAS WITH US ?**

Contact us at [sustainability@cocoasource.ch](mailto:sustainability@cocoasource.ch)

