

A thriving cocoa sector for generations to come

Cargill Cocoa Promise commitment and ambition

The Cargill Cocoa Promise is our commitment to improving the lives of cocoa farmers and their communities, and, in doing so, securing a long-term supply of cocoa.



A thriving cocoa sector for generations to come continued

Our ambition is to accelerate progress towards a transparent global cocoa supply chain, enable farmers and their communities to achieve better incomes and living standards, and deliver a sustainable supply of cocoa and chocolate products. We believe this will contribute to a thriving cocoa sector for generations to come.

History and evolution

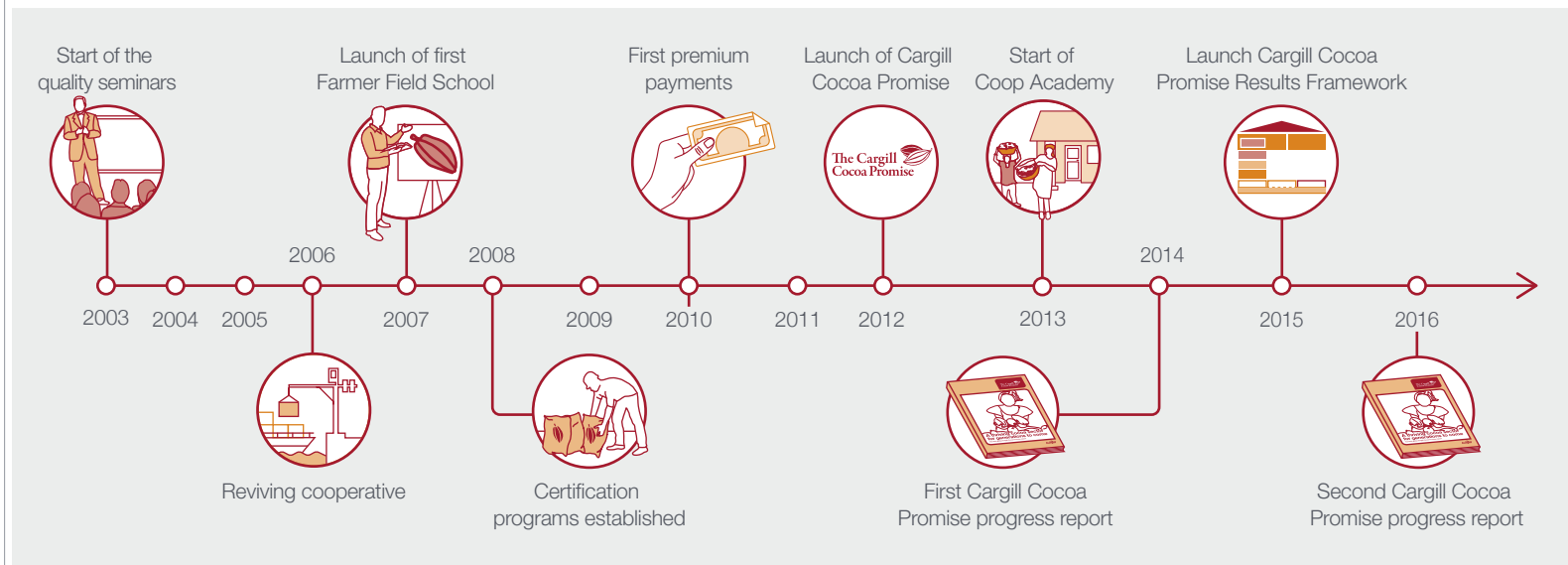
Sustainability is not a secondary issue for Cargill Cocoa & Chocolate, but part of our DNA. It is central to how we do business, essential to our global cocoa bean sourcing strategy, and vital to improving the livelihoods of farmers and their communities.

We introduced the Cargill Cocoa Promise in 2012 as part of an overarching strategy to build a sustainable cocoa supply chain, and to align our existing efforts in our five cocoa-growing countries: Côte d'Ivoire, Cameroon, Indonesia, Ghana and Brazil. The Cargill Cocoa Promise focuses on making a difference to farmers and their communities.

We have always been involved in the discussion, and growing insight made us aware of the need for a sustainability strategy that is intertwined with our business strategy. The Cargill Cocoa Promise is such a strategy, and we know that continuous learning and improvement ensures our programs are effective, relevant and impactful. That is why we established a Results Framework and invested in a strong Monitoring and Evaluation system to analyze our impact. We continuously work on embedding sustainability in decision-making on all levels within the organization.

How the Cargill Cocoa Promise contributes to positive and long-lasting change

Our long-term goal is to contribute to a thriving cocoa sector for farmers and their communities. To make this happen, improvements are needed to farmer and community livelihoods. We will contribute by professionalizing coops and supporting them in achieving progress in farmer training, farm development and community support. Working closely with our stakeholders and partners is crucial to succeeding in our sustainability strategy. A learning and continuous improvement process is central to this approach.



A thriving cocoa sector for generations to come continued

Our result areas

Farmer livelihoods

By participating in the Cargill Cocoa Promise, farmers will become empowered entrepreneurs who manage professional farms that generate a living income or beyond. They will maximize the profitability of their cocoa farms by optimizing cocoa production and using inputs efficiently and in an environmentally sustainable manner.

Community livelihoods

To reach their full potential, and to also contribute to the community and the environment, farmers have to be part of a thriving community. These communities improve quality of life today, and enable a bright tomorrow. By participating in the Cargill Cocoa Promise, communities will acquire better social services related to education, health and nutrition. Community members will unite to protect children from child labor and empower women.

Partnerships with farmer organizations are key. They enable us to reach many smallholders. Experience shows us that helping these organizations build their capacity provides a solid foundation and engagement for farmer training, farm development and community support activities.

Our intervention areas

Farmer organizations

Business-oriented farmer organizations are the lever for improved farmer and community livelihood, and the starting-point for interventions in farmer training, farm development and community support. Through, and with them, we can reach and support farmers and their communities. To stimulate professionalization we encourage farmer organization participation in the Cargill Coop Academy.

Farmer training

Utilizing Good Agricultural Practices (GAP), effective health & safety procedures, and good business practices, whilst also taking account of the social and environmental impact of cocoa farming, are all integral to running professional and responsible farms. This is why we invest in farmers' capacity through Farmer Field Schools. Our training teaches farmers the techniques and practices they need to improve the agricultural practices on their farms, run them as profitable businesses, and play a positive role in their communities.

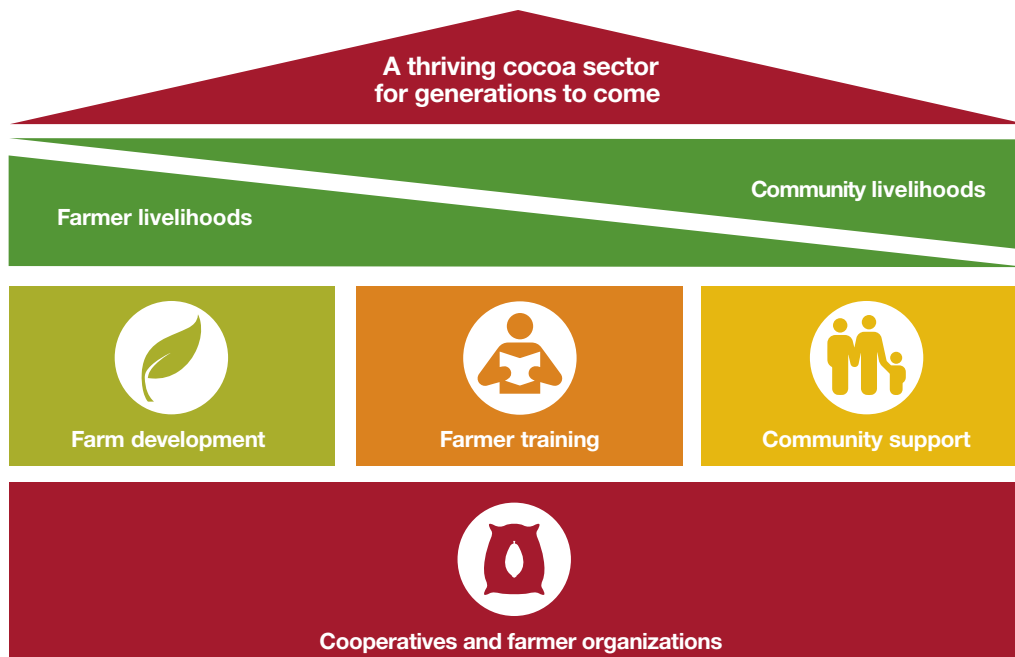
Farm development

Conditions on farms have a major impact on farmers' productivity. Key factors include nutrients in the soil and shade provided to cocoa trees, as well as the appropriate use of high-quality planting material, fertilizer, and crop protection. When farms are not sufficiently nurtured in this way, cocoa productivity can decline. Access to quality crop inputs, required for healthy and profitable farms, is often absent or insufficient at best. We provide farmers with access to the resources needed to make their farms viable, productive and profitable. In addition, we stimulate the creation of a viable market for agricultural inputs – with high-quality, proven inputs available to farmers along with appropriate financing possibilities.

Community support

The Cargill Cocoa Promise focuses on community-driven development. Decisions regarding programs and interventions are based on what communities tell us they need to develop.

We strengthen cocoa-growing communities by improving their access to services, including education, health and nutrition. At the same time, we help make local people more aware of the social benefits of improving child protection, sending children to school, and empowering women. These interventions result in increased community wellbeing, improved social services and empowered women.



A thriving cocoa sector for generations to come *continued*

Measuring progress, performance and learnings

We measure progress and performance, and capture learnings at three different levels:

- 1) Results of our interventions (farmer training, farm development and community support): either through their reach (the number of farmers provided with fertilizer) or their adoption (the number of farmers using fertilizer)
- 2) Results of our programs (farmer and community livelihoods): refers to the changes that occur thanks to multiple successful interventions (for example, the percentage change in yield or net income for farmers that have received and used the fertilizer)
- 3) Impact of the Cargill Cocoa Promise: focuses on the overall objective of



“Only when farmers take their destiny in their own hands will we have a truly sustainable cocoa sector.”

Lionel Soulard

Cargill West Africa Managing Director
Cargill Cocoa & Chocolate

contributing to a thriving cocoa sector for generations to come

To understand which interventions work best for farmers and their communities and why, we focus on the results of our interventions and programs, analyzing these leads to learnings on how the Cargill Cocoa Promise influences farmer and community livelihoods. Insights from our data on reach and adoption, together with our experiences in the field, provide information on which interventions are successful and which are not. This means we can apply our lessons learned to continuously improve our approach, design relevant programs and interventions, and enhance our long-term impact.

Partnerships

Results are achieved with our partners from civil society, and the public and private sectors. We can count on over **1x** well-established partnerships with farmers, communities, farmer organizations, NGOs, governments, institutions, academia, customers, other cocoa businesses and local stakeholders in cocoa-growing countries. Together we contribute to proven improvements in the livelihoods of farmers and their communities.



US\$2.4 million

Through our \$2.4 million partnership with CARE and the Conseil du Café-Cacao, we provided education to 1,500 children and increased access to healthcare impacting 25,000 people in 14 cocoa-growing communities.

“Innovative pilot projects are crucial. We’re trying to understand the way forward with respect to smallholder development. Fail small and quick. Learn and adapt. Find what works and expand. Be brave.”

Camille Paran

Sustainability Country Lead Indonesia
Cargill Cocoa & Chocolate

Working with farmer organizations and empowering them

Cargill believes that professional and business-oriented farmer organizations should take responsibility for management of sustainability programs, supporting the implementation by their farmers and in their communities.

Our approach

Business-oriented farmer organizations are the lever for an improved farmer and community livelihood and are the starting point for interventions in farmer training, farm development and community support. Through, and with them, we can reach and support farmers and their communities. To stimulate professionalization we encourage farmer organizations to participate in the Cargill Coop Academy.



US\$8 million

paid to farmer organizations as premiums through their participation in sustainability certification schemes

96%

of our cocoa was bought through cooperatives in Côte d'Ivoire last year

Working with farmer organizations and empowering them continued

What does success look like?

Financially viable farmer organizations that:

- Provide farmer services
- Have robust internal management systems
- Assume responsibility for implementing sustainability programs, together with farmers and communities
- Play a vital role in everything we do to move the Cargill Cocoa Promise forward

How will we measure progress?

● In progress ● Recently started

- We will measure farmer organizations' progress against an index. They will be rated against these categories:
 - Internal management
 - Operations
 - Financial management
 - Sustainability
- Keep track of volumes of certified sustainable cocoa delivered to Cargill
- Achieve farmer livelihood goals (see page C12)
- Achieve community livelihood goals (see page C25)

Progress highlights

Reach and adoption:

181

farmer organizations supported through the Cargill Cocoa Promise in West Africa

96

Cocoa Producers Groups (CPG) became fully operational in Indonesia

320

leaders, from 80 cooperatives, have completed or are currently enrolled in the Coop Academy

96%

of our cocoa was bought through cooperatives in Côte d'Ivoire last year

Results:

US\$16 million

paid to farmers and farm organizations as premiums through their participation in sustainability certification schemes in 2015

What we have learned:

- We believe that women and younger farmers are currently under-represented in farmer organizations. We decided to address the topic of gender by introducing a diversity module to the Coop Academy

Our plans for 2016:

- Roll out Coop Academy program in Cameroon
- Raise awareness on benefits of diverse and inclusive farmer organizations
- Monitor progress of our affordable finance initiative, known as "Doni Doni", in Côte d'Ivoire
- Use learnings from our assessments to improve targeted support to farmer organizations



Working with farmer organizations and empowering them continued

Farmer organizations make vital contributions to the present and future prosperity of farmers and their communities. They also enable us to achieve our sustainability goals. We want these organizations to become successful businesses in their own right – run by empowered men and women. We will know we have achieved this when farmer organizations are ready to run their businesses and support their communities independently with minimal or no support from us.

Why farmer organizations are important

We are a global cocoa and chocolate business that sources locally with more than 400,000 farmers, around 99% of them smallholders. 181 farmer cooperatives in West Africa improve farmers' access to markets, help them receive a fair income from their crops, and ride-out any ups and downs in cocoa prices from year-to-year. Commercially and logistically, our relationships with farmer organizations are essential. For example, through 101 partner cooperatives we are able to reach 70,000 farmers in Côte d'Ivoire.

Farmer organizations can make sure farmers get what they need to farm more profitably, productively and sustainably – whether through training, access to finance or the payments they secure for farmers through sustainable cocoa certification schemes. They also contribute financially to community development projects, including improvements to schools and other services, and in some cases, by running the local school bus and ambulance service.

Beyond supporting farmers and their communities, they also help us to create a sustainable business mindset in our supply chain. We are proud to work with them.

Farmer organizations worldwide

Beyond the 101 farmer organizations we work with in Côte d'Ivoire, we also work with 60 in Cameroon. There are a few cooperatives in Ghana, but more are needed and we are involved in establishing new ones. In Indonesia, where there are no farmer organizations at all, our challenge is to empower farmers to become more organized or to find ways to reach them individually. Working with Swisscontact, we have established 80 new Cocoa Producers Groups (CPG) in 2014, bringing the number of CPGs to 117 in total. In 2015, 96 of these became fully operational. CPGs or Kelompok Tani (to use their Indonesian name) are groups of around 25-30 farmers, through which we can facilitate training. We have plans to establish more farmer organizations in Indonesia next year.

In Cameroon, we have recently signed a Memorandum of Understanding with a number of farmer cooperatives to introduce our Coop Academy Program. The program is a tried and tested way to support cooperatives in building their capacity and reach.



Empowering cooperative leaders via the Coop Academy

The Coop Academy, launched in 2013, is combining 28 days of intensive classroom training with a year of personalized on-the-ground coaching. Since its launch, 320 leaders, from 80 cooperatives, have completed or are currently enrolled in the program. We run the Coop Academy in partnership with sustainable trade initiative, IDH, TechnoServe, IFC and INPHB (Institut National Polytechnique Houphouët Boigny).

Evaluation already shows that participating cooperatives have made changes towards professionalization. For example, general meetings are now regularly organized and held with the support and involvement of representatives of various producer members.

We will launch Coop Academy in Cameroon and our ambition is to take it into other origin countries in future.

Working with farmer organizations and empowering them continued

Professionalizing farmer organizations

Working together with SCOPEinsight, TechnoServe, IFC and farmer organizations, we have assessed the professionalism and management maturity of a number of farmer organizations participating in the Cargill Cocoa Promise. We conducted a pilot in 2014, and followed it up this year with an expansion phase involving 25 farmer organizations spread across Côte d'Ivoire.

Our overall objective is to develop interventions that improve the competitiveness and long-term sustainability of farmer organizations involved in our programs.

The assessment confirmed that most of the farmer organizations involved run their general operations well and are continuously improving their financial management processes.

Creating new cooperatives in Ghana

Farmers in Ghana have created 20 new cooperatives, with support from us and from our local partner Community Empowerment Associates. Each of the cooperatives was launched with 500 members, and farmers in 10 cooperatives have been trained in all aspects of cooperative management, including the legal aspects and good governance. All the cooperatives now hold monthly meetings and have motivated their members to train in good agricultural practices. Their rapid growth and continuing success for farmers, shows just how effective farmer organizations can be.

Farmer organizations are being assessed against these criteria:

Internal management

Governance, internal organization, business planning.

Operations

Logistics, storage, GAP, processing.

Financial management

Management, planning, budgeting.

Sustainability

Social, environmental.

Market

Clients, market risk, marketing.

External risks

Biological, environmental, weather.

Enablers

Capacity builders, government, service providers.

Supply

Input suppliers, security of supply, members/outgrowers.

Reference: SCOPEinsight Assessment Chapters



Working with farmer organizations and empowering them continued

Making farmer organizations more diverse and inclusive

We want to make farmer organizations more diverse and inclusive. The limited participation of women and young adults restricts their ability to play a bigger role on farms or in local communities, as income generators, organizers and leaders, and deprives farmer organizations of a wealth of untapped talent.

Attracting young adults to become cocoa farmers is vital to ensure a stable, reliable supply of cocoa for future generations. Working with farmer organizations to convince younger women and men that they can make a living income or better for their families in prosperous cocoa-growing communities is the best way to ensure a pipeline of future production.

We have introduced a diversity module into our Coop Academy program, which stresses the opportunities for women in cocoa farming, whilst simultaneously working hard to convince cooperative managers of the value that this module brings for farmers and communities. And we are working with the WCF to bring productivity training to 1,000 women and 7,000 of their family members in Côte d'Ivoire. This training aims to encourage women to participate in cocoa farming and supports them in growing their farms to become viable businesses. Read more on page C31.

“Access to finance and better transportation will make a critical difference to the success of the cooperatives. Successful cooperatives are critical to the future of cocoa farming and cocoa communities.”

Axel Kadja
Country Sustainability Lead Ghana
Cargill Cocoa & Chocolate

Investing through certification

Certification schemes, and the benefits they bring, provide the catalyst to get farmers involved in training and follow it through to completion.

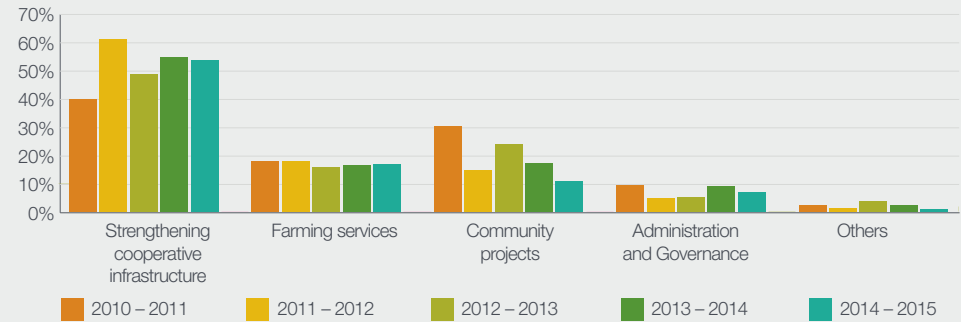
On average, our programs pass close to 70% of certification premium payments directly back to farmers and farm organizations. The remaining 30% is invested in programs that also benefit farmers, but in more indirect ways – for example, farmer training and coaching. Since we introduced the use of certification programs, US\$60 million US\$25 million, 2014 has been paid in cash premiums, including US\$8 million paid directly to farmer organizations in 2015.

Farmer organizations in turn invest this in projects to boost productivity, farm development and benefit the community, as shown by the table opposite. We track in full detail how these premiums are distributed and how farmer organizations decide to invest their funds. Recent information shows these are being invested in:

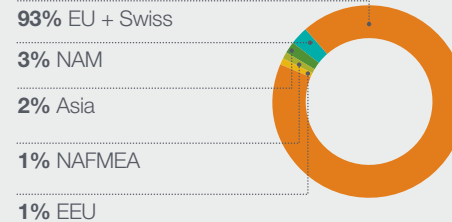
- Strengthening farmer cooperatives by providing crop financing, improving logistics, employee health and safety, certification activities
- Community projects such as schools and education, healthcare and road rehabilitation
- Farmer services, crop protection and fertilizer distribution

We are encouraging more cocoa farmers in Brazil to become UTZ certified. The number of certified farms here has increased from 34 in 2014 to 71 in 2015, covering 9,600 hectares (5,500 in 2014) in the states of Bahia and Espírito Santo. Our goal is to have 200 certified farms by 2019.

How do cooperatives invest their certification premiums?



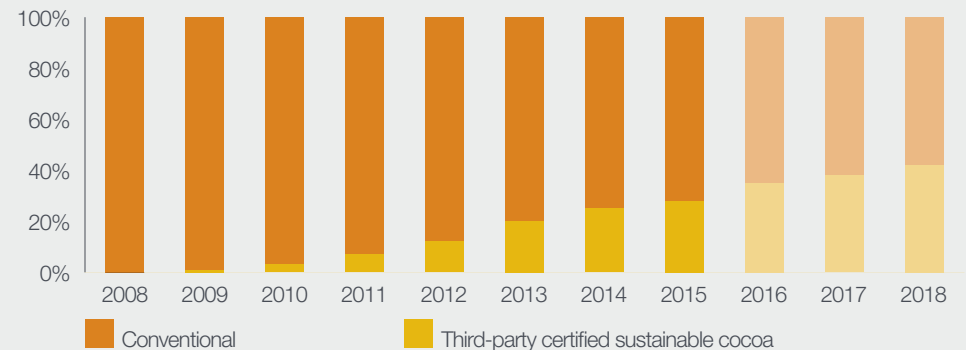
Certification by region (FY 2014/2015)



Certification by type (FY 2014/2015)



Volume of certified cocoa beans



You can read more about the value of certification on page B16.

Working with farmer organizations and empowering them continued

“The costs that we have saved by not having to repair old trucks will help us pay for the new trucks. We won’t even be aware that we’re spending money for those trucks... We will be repaying the trucks step by step through the sales of our cocoa beans.”

Sawadogo Moussa
Chairperson of Cooperative CINPA



“Cargill’s initiative embodies the true scope of sustainability.”

FIE Innovation Award,
Jury report (extract)

**Supporting farmer cooperatives
“Step by Step”**

In Côte d’Ivoire, we work together with the International Finance Corporation and Société Ivoirienne de Banque (SIB) to develop an innovative, award-winning initiative that gives farmers the affordable finance they need to improve farming logistics.

Logistics can be a big challenge for farmers and cooperatives. The trucks they use to transport cocoa beans are often old and unreliable. The logical solution is to invest in new trucks, but these are expensive and the cost of loans can be prohibitive.

So that cooperatives can overcome this problem, we have launched a new kind of vehicle finance in Côte d’Ivoire, together with the IFC, which helped us expand the Cargill Coop Academy. Through our vehicle finance initiative, known as “Doni Doni”, in Côte d’Ivoire, farmer organizations that have taken part in our Coop Academy can get new trucks through a three-year leasing deal that also includes insurance.

Flexible finance of this kind enables cooperatives to save time and money by running new trucks – so they get a long-term return on their investment and move a step closer towards financial independence. 43 cooperatives have taken up the chance to lease 78 new trucks during the first year.

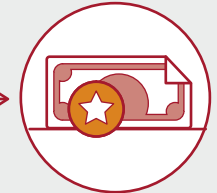
This really is a unique scheme, which has been recognized by Food Ingredients Europe (FIE), which awarded us a prestigious FIE Innovation Award as the “Sustainability Initiative of the Year”.



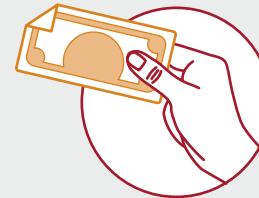
43 participating coops...



...have a need for logistics. Dealing with old fleets of trucks creates huge maintenance costs



... but they have difficulty accessing finance



SIB provides a three-year loan to be able to buy brand new trucks, and opens bank accounts for cooperatives



IFC-SIB and Cargill agree upon the content of commercial loans to cooperatives



The IFC set up a risk sharing facility putting together Cargill and SIB



Cooperatives each pay 10% of the cost of the truck upfront, and authorize Cargill to deduct 10F per kilo of cocoa they deliver, to put into a savings fund to cover their monthly lease fees.

The interest rates they pay are lower than any others commercially available

The advantages that Doni Doni brings

- Spreads cost of equipment acquisition over three years and reduces impact on yearly treasury
- Increased effectiveness of cocoa collection in the field
- Reduces maintenance expenses
- Coops own truck at the end of lease

Improving farmer livelihoods

Participating in the Cargill Cocoa Promise will result in farmers becoming empowered entrepreneurs who manage professional and responsible farms that generate a living income or beyond. Farmers reach maximum profitability of their cocoa farms, by optimizing cocoa production and using inputs cost efficiently, while protecting the environment.

Our approach

We take a sequential approach to ensuring our farmers become profitable, and we partner with farmer organizations and external partners where necessary, to achieve the best outcomes. Our ultimate aim is for projects to become self-sufficient:

- Farmer Training
- Farm Development:
 - making better use of crop protection
 - planting better quality and more resilient seedlings
 - using fertilizers well



58,000

farmers are now using pest and disease management techniques and products

23%

average yield improvement achieved by farmers through applying better plant protection¹

56%

increase in yields achieved by farmers using fertilizers correctly¹

¹ Figure is taken from an initial study, based on a sample

Improving farmer livelihoods

Our commitments

Reach and adoption:

- All farmers attend Farmer Field Schools
- Every farmer follows a Farm Development Plan, with coaching to implement it successfully
- More farmers access affordable crop protection products, equipment, fertilizers, better quality seedlings and shade trees
- Farmers apply their training to good effect
- Farmers use crop protection, equipment, fertilizers, seedlings and shade trees
- Farmers effectively implement their Farm Development Plans

Towards 2020

- In progress
- Recently started

- Increase the number of farmers with measurable improvements in profitability, primarily achieved through better yields
- All farmers benefiting from training and coaching and following their own Farm Development Plans
- Increase the number of farmers benefiting from using crop protection, high-quality planting materials and fertilizer appropriately

* We will report publicly on our specific internal 2020 goals, focusing on the results of our initiatives, once our baseline and methodology has been finalized

Progress highlights

Reach and adoption:

90,000

farmers attended our Farmer Field Schools in 2015

58,000

farmers are now using pest and disease management techniques and products

Results:

23%

average yield improvement achieved by farmers through applying better plant protection. This has led to net income increase of US\$194

56%

increase in yields achieved by those farmers using fertilizers correctly

What we have learned:

- Most farmers do not accurately know their farm size
- 42% of farmers grow other crops as well as cocoa

Our plans for 2016:

- Roll out farmer training and farm development programs to a greater number of cooperatives, in our origin countries
- Provide one-to-one coaching to farmers
- Work with farmers to develop Farm Development Plans
- Expand our Yiri*, nursery and Cacao Allyie programs, and roll them out to a greater number of cooperatives in Côte d'Ivoire, and eventually into our other origins



Improving farmer livelihoods

Empowered farmers can thrive by optimizing cocoa production on their farms. By running farms as businesses, using the skills they learn at Farmer Field Schools along with the appropriate agricultural resources, they can improve cocoa profitability and make a living income or better.

Our sequential approach

To enable farmers in our origins countries make their farms more profitable and productive, we are working through a structured, sequential transition program with them. Our ambition is that almost all the farmers we work with will go through the relevant stages of this program by 2020, then use the skills they learned in training along with the right agricultural resources, to run their farms as successful businesses.

Following this approach, farmers complete four stages on their journey to build profitable farms:

1. Training in better agricultural practices
2. Making better use of crop protection
3. Planting better quality and more resilient seedlings
4. Using fertilizers well

As farmers all have different immediate needs, we work with them as they learn and develop through the training, progressing from stage to stage. Training often happens on demonstration farm plots, where we can show, rather than simply tell them, what they need to know, and where they in turn, can learn by trying out techniques and working with materials themselves.

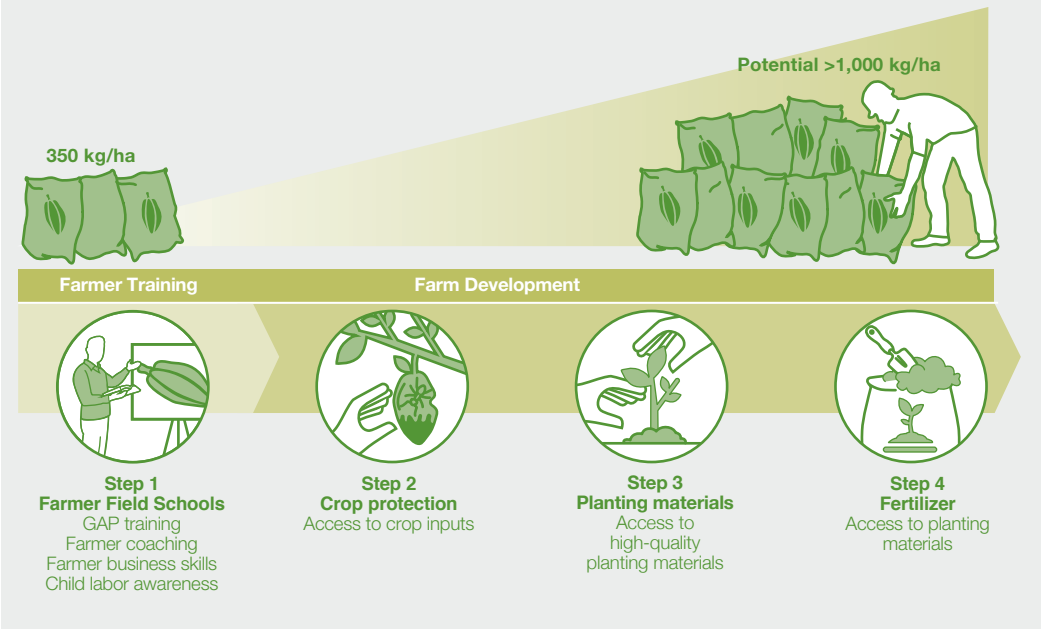
Why our approach works

By working through our program farmers can improve profitability and productivity in sustainable ways, but not everything can be achieved at the same time.

Enabling farmers to enter sustainability certification programs is key to improving farmer livelihoods. We believe this is a tool to engage farmers to encourage professional farm management and good agricultural practices.

The premium farmers receive benefits them financially, too. Since we launched them, US\$60 million has been paid in cash premiums, including US\$8 million paid to farm organizations in 2015 and US\$8 million paid to farmers as premiums through their participation in sustainability certification schemes.

How to reach full potential

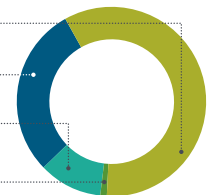


Training comes first, because it allows farmers to see how much they can achieve by applying the better agricultural practices they learn about. After this, they can introduce crop protection and assess its impact on yields. Depending on the age and productivity of their trees, the logical next step is to plant more robust, productive, high-quality varieties of cocoa seedlings.

Fertilizer comes last in the sequence. The importance of completing the other stages of the program to make sure their land is “fertilizer ready” and to assess whether or not its use is necessary and cost effective, is explained to farmers. You can find out more about farmer training on page C14 and farmer development on page C16.

Contribution of the use of inputs to yield increase (n=200)

- 59% Crop protection
- 29% Full package
- 11% Good Agricultural Practices (GAP)
- 1% Fertilizer



Improving farmer livelihoods

Farmer training

Farmers can run their farms as successful businesses that produce a living income or better, if they have access to the appropriate training and tools. This is why we provide training and personal coaching, covering good agricultural, social, business, environmental, and health and safety practices. Ultimately, we want all of the farmers we work with to reach this standard, and we will work with cooperatives to achieve this.

Our progress

Reach and adoption:

2,700

Farmer Field Schools are up and running

90,000

farmers attended our Farmer Field Schools in 2015 – all completed training in good agricultural practices

75,000

farmers now trained in crop protection

30,000

farmers are now trained to use fertilizer correctly

72%

of farmers in Cameroon are applying the book-keeping skills learned during Cargill's business training

What we have learned:

- Training must be customized to suit the unique challenges and situation faced by farmers in different origin countries. Modular training, rather than one-off sessions, allows for continuous improvement
- After several years of participating in Farmer Field Schools, we discovered farmers needed more direct, one-to-one support to benefit from our teaching. This is why we developed the farmer coaching program

Our plans for 2016:

- Focus our efforts beyond the number of farmers who receive our training, towards measuring the impact of our training in terms of knowledge application and results
- Roll out our coaching work with farmers to create more individual Farm Development Plans
- Develop the Farmer Field School model to include farmer coaching. Lead farmers will provide coaching to other farmers twice a year, following specific recommendations aligned to each farmer's individual Farm Development Plan



What farmer training involves

Beyond teaching farmers about good agricultural practices, our Farmer Field Schools also offer modules covering good business, environmental and social practices – including book-keeping, ways to minimize the environmental impact of farms, children's rights, and good nutrition.

Farmer training in action

After several years of participating in Farmer Field Schools, farmers were accessing the training but we discovered they needed more direct one-to-one support to benefit from our teaching.

Building on our current approach, we have introduced individual coaching for farmers, which they will receive twice a year, from a more experienced farmer. Coaches will help farmers assess what they need to do to improve productivity and profitability, then together they will create a Farm Development Plan, which the farmer can implement. Progress will be evaluated by the coach after five months, at which point the farmer may have reached sustainability certification standard. If not, the coach will offer additional support.

Starting in Côte d'Ivoire, we are going to train over 1,000 coaches, who between them will reach around 70,000 individual farmers. The training farmers need varies from country to country and our flexible approach reflects this.

Improving farmer livelihoods Farmer training continued

Training in Cameroon

Over the past few years, we have started customizing the training that we first developed in Côte d'Ivoire and Ghana, so we can offer it to farmers in Cameroon – and the results have been dramatic. In just two years we increased the number of farmers attending Farmer Field Schools in Cameroon, from just over 1,000 in 2012 to over 10,000 in 2014/2015.

Farmer business schools in Ghana

Training in good business practices is delivering positive results for farmers in Ghana. Out of 350 farmers who have completed this training so far, around 250 have started to document their farm expenses. Monitoring their income and expenditure should help them budget more effectively. It also shows that our training is prompting farmers to think about their farms as businesses. In Ghana, small groups of farmers are also sharing what they learn in advanced training with others in their communities.

Training Indonesian farmers in better nutrition

Poor nutrition can have a direct impact on farmers' productivity, if they are sick and cannot work, or if they have to care for others in their family. A study by an Australian University shows that in Papua New Guinea, cocoa farmers were recently losing up to 1.5 days in every seven days, due to personal or family illness. In Indonesia, we are training farmers about ways to improve nutrition and giving them the skills they need to grow their own vegetable gardens and produce healthier food for the family table. You can read more about this on page C33.

Training for farmers in Brazil

Around 160 farmers (40 in 2014) in Brazil have benefited through training provided in partnership with the National Farm Learning Service. The professional training offered to farmers covers information about the technologies and technical support available to help them farm more productively. Field days have also been run for participating communities, covering environmental issues, health and nutrition.



“I have three hectares of land and I have three employees. I grow cocoa as well as bananas, pineapples and rice. I enjoy my work as a cocoa grower. When I attended the Farmer Field School I learned good practice and how to protect my fields. Among other things, I learned about sanitary harvesting, which means removing all diseased pods. Through the Yiri+ program, I also got access to efficient products that help growers with their work. These have a positive effect as they improve the plant and protect cocoa pods from disease. As a result, things are better, the yields are greater.”

Ablassé Tiendré Béogo

Farmer, San-Pédro region, Côte d'Ivoire

Improving farmer livelihoods

Farm development

Farmers will only thrive by optimizing cocoa production on their farms and improving their profitability. With support from us and our partners, thousands of farmers are accelerating their journey by making better use of crop protection, planting higher quality seedlings, and using fertilizers well.

Progress highlights

See following sections: “Making better use of crop protection”, “Planting higher quality seedlings”, and “Using fertilizer well”.

Our plans for 2016:

- We plan to strengthen our Cacao Allyie fertilizer and Yiri[®] crop protection programs, and roll them out to a greater number of cooperatives in Côte d'Ivoire, and eventually into our other origins such as Indonesia
- Expand our nursery project pilot into a high-scale nursery, selling young cocoa trees to farmers
- Introduce our mobile finance project to facilitate mobile payments from farmers

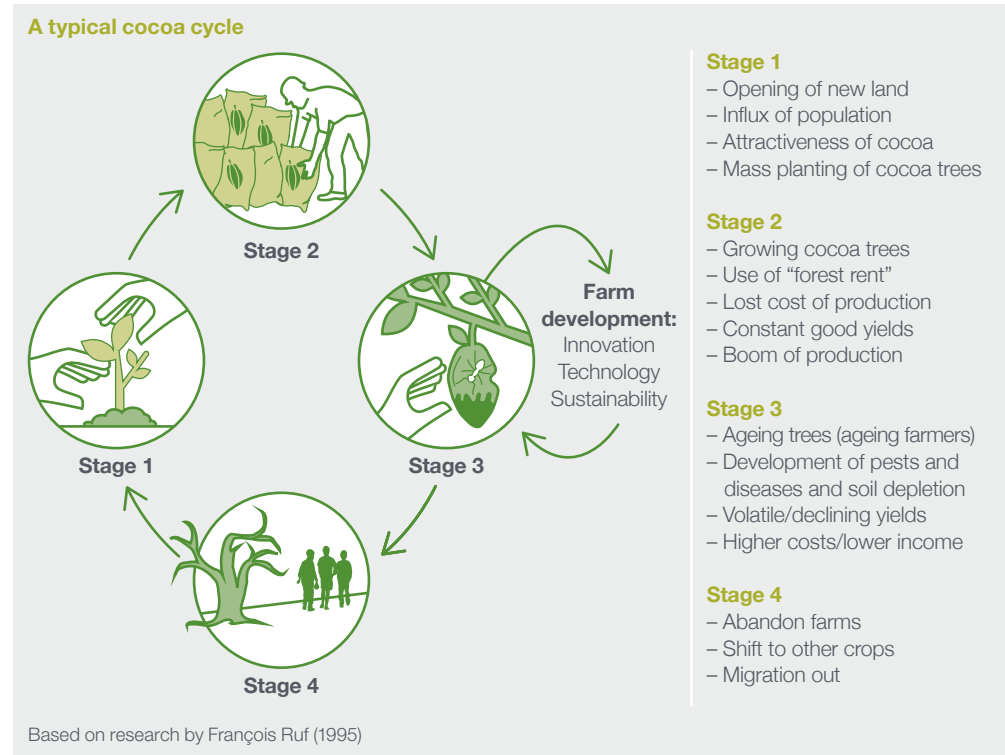


Why farm development is important

At a time when they have the opportunity to increase the supply of cocoa to improve their livelihoods, farmers in many cocoa-growing regions are struggling to grow more. Productivity of cocoa depends on the conditions on a farm, such as nutrients in the soil and shade provided to a cocoa tree, as well as use of high-quality planting material, and appropriate use of fertilizer and crop protection. When farms are not managed well, cocoa productivity often falls.

Farmers often lack access to crop protection products, fertilizer and other agricultural resources. Even when farmers do have access, they often lack the skills required to use them effectively. Farmers need support through innovation, technology and sustainability to address all these challenges in order to improve productivity and achieve a living income.

We provide farmers with access to the resources needed to make their farms viable and more productive – including shade trees, plant material, crop protection, fertilizer and finance. In addition, we stimulate the creation of a viable market for agricultural inputs – with high-quality, proven inputs available to farmers along with appropriate financing possibilities. We believe that having access to these inputs, and actively and appropriately applying them, will result in cocoa productivity increases and improved cocoa profitability.



Improving farmer livelihoods
Farm development *continued*

Making better use of crop protection

Progress

Reach and adoption:

75,000

farmers now trained in crop protection

US\$613,000

the total value of Yiri+ crop protection materials provided to farmers through affordable flexible credit schemes

78

farmer organizations helping their members acquire fertilizer and training about how to use it, up from 38 in 2014

58,000

farmers are now using pest and disease management techniques and products

Results:

23%

average yield improvement achieved by farmers through Yiri+, which has led to net income increase of 178 €/ha, ROI of 430%

What we have learned:

- Out of all inputs farmers can use, crop protection has the highest return on investment
- When pests and diseases are highly visible on their cocoa pods, farmers show a greater desire to learn and apply crop protection

Our plans for 2016:

- Transfer successful intervention design such as our Yiri+ crop protection program to other origins beyond Côte d'Ivoire and Cameroon
- Continue to measure the results of the Yiri+ initiative, and the results for our farmers



Crop protection – the use of products and agricultural techniques to protect against pests and disease – is particularly important for young cocoa trees, which is why we run the Yiri+ program in partnership with Syngenta.

Launched as a pilot in Côte d'Ivoire in 2014, Yiri+ gives farmers access to better crop protection products and also provides hands-on training and training kits that teach them to use crop protection products more effectively. Our partnership with Syngenta guarantees that farmers can buy the products they need at competitive prices on flexible terms.

Yiri+ has been scaled up since our last report, from 38 to 78 cooperatives. This year, 70,000 farmers have been trained in crop protection in Côte d'Ivoire.

Our measurements indicate a 23% yield improvement on farms that implement the concepts of Yiri+. The total value of Yiri+ crop protection materials provided to farmers through affordable flexible credit schemes was US\$613,166, up to the end of 2014/2015.

Improving farmer livelihoods
Farm development *continued*

Yiri+ – our journey to better crop protection



2012

Cargill and Syngenta launch Yiri+ (yiri means “tree” in a local Ivorian language) to support farmers in Côte d’Ivoire in achieving higher revenues and better yields through better crop protection



2012–2013

Together with local partners we roll out a Yiri+ pilot

750

people are trained to use crop protection sprays safely and efficiently

100

people are trained to train other farmers

400

farmer training kits are distributed

43

demonstration plots are cultivated



2014

Analysis of the Yiri+ pilot shows some great results

40%

average increase in yields on demonstration plots

US\$380

average increase in income per hectare

US\$1,150

potential increase in annual income for farmer working three hectares



2015

Full roll out of Yiri+ begins

78 out of 101

farmer cooperatives in Côte d’Ivoire now involved, compared with 38 in 2013

500

farmers trained as crop sprayers

27,000

hectares of farm land treated

23%

average yield improvement achieved by farmers through Yiri+, which has led to net income increase of US\$194, ROI of 430%¹

“It is amazing to see the results that the Yiri+ project has achieved since its start in 2012.

Improving yields and increasing farmers income to support their families is something that all involved should be very proud of. We could not have achieved that alone.”

Jan Suter

Head of Africa and Middle East, Syngenta

Participating farmers are benefiting from:

Competitive prices and flexible credit so they can afford to invest

Access to high-quality protective equipment, spraying machines, and storage facilities

Practical in-the-field training

A dedicated user-friendly manual explaining how to use crop protection products and equipment

– approved by Le Conseil du Café Cacao and the Département Protection des Végétaux et du Contrôle de la Qualité

¹ Figure is from an initial study, based on a sample

Improving farmer livelihoods
Farm development *continued*

“I took over 7.5 hectares from my father, which is quite a lot of land, so I employ one worker. Cocoa brings me a better income than rubber or pineapple and I sell all my cocoa to a cooperative and on to Cargill.



Cocoa farmer applying crop protection



Cocoa farmer applying plant protection

I attended the pesticides course, which was good. I learned to use them only when necessary. I also received financial support to access chemicals and was shown how to store them with the cooperative along with the spraying machine.

Whenever we have sprayed the field we put up a red flag to tell adults and children to stay clear for a week. The course has helped me increase yields. In 2014, I produced five tons, but I have already grown this much in the first four months of 2015. Other growers who see this want to join the cooperative so they can achieve similar results too.”

Justin Yao Koffi
Farmer participating in Yiri+ program

Improving farmer livelihoods
Farm development *continued*

Planting higher quality seedlings

Progress

Reach and adoption:

39

nurseries in Indonesia,
with a total capacity
of 117,000 seedlings

12

nurseries are up and
running in Côte d'Ivoire

143,000

seedlings planted in
2014/2015 in Côte d'Ivoire
and Ghana

What we have learned:

- We need to pay constant attention to the availability of planting material. Last year we ran pilot nursery schemes in a number of countries. These have not yet produced seedlings in significant volumes but we believe they can be grown to commercial scale in future
- Replanting should be planned carefully since replacing old but still marginally productive trees reduces cocoa production and income until the new trees start producing cocoa
- In Cameroon, we want to build up the capacity of the cooperatives, to ensure they are trained on the establishment and maintenance of the nurseries, before we begin our nursery program there

Our plans for 2016:

- Expand our nursery project pilot into a high-scale nursery, selling young cocoa trees to farmers. Eventually, the nursery project should become self-sufficient, and run by local cooperatives without the need for Cargill's input
- We plan to supply 533,000 seedlings in 2015/2016 in Côte d'Ivoire
- In 2016, our planned mobile finance project will facilitate mobile payments from farmers, making it much easier for farmers and cooperatives to trade efficiently and effectively



Introducing scalable access to planting materials in Côte d'Ivoire

We make high-quality planting material available to farmers. Thanks to our economies of scale and participation of cooperatives we can offer high-quality planting material to farmers at affordable and attractive prices.

In Côte d'Ivoire, we have worked with Centre National de Recherche Agronomique de Côte d'Ivoire (CNRRA), Conseil Café Cacao, and ANADER, to establish a nursery program, through which we grow better quality seedlings and sell them to farmers at cost price. We are now using innovative technology to grow more resilient seedlings at 12 nurseries across the country. Together, these nurseries now supply almost 100,000 seedlings a year and plan to supply 533,000 in 2015/2016.

The project model we are testing is suitable for nurseries producing at a large scale and our intention is that any nurseries we create will eventually become totally self-sufficient businesses in their own right. We are also piloting a scheme through which nurseries will sell young cocoa trees to farmers.

Farm regeneration services

Similarly, in Ghana we produced 43,000 cocoa seedlings. 20,000 were sold to farmers and 23,000 were planted on demonstration plots. As we are setting up rural Service Centers through our partnership with amongst others the Dutch Ministry of Foreign Affairs and Solidaridad, we stopped producing cocoa seedlings for free as our aim is to make the project self-sufficient.

Projeto Cacau Mais Sustentável in Brazil

We are part of the Projeto Cacau Mais Sustentável (More Sustainable Cocoa Project) in Brazil. Our partners in the project are The Nature Conservancy, the Brazilian Ministry of Agriculture and CAPPRU (the Alternative Cooperative of Smallholders and Urban Farmers of São Félix do Xingu).

The project aims to foster cocoa farming as a way to help smallholders in the Xingu region and encourage them to comply with Brazilian environmental law. It also involves the restoration of degraded areas.

Since its launch in 2012, the project has added value in a number of ways, including the installation of an irrigation system at the Hybrid Seed Production Center in Tacumã, which has doubled its production capacity to one million cocoa seeds every year. To date, 160 smallholders have joined the project, 99 of them this year. They are now farming 9,600 hectares of carefully prepared plantation land, compared with just 238 hectares last year.

Supporting farmers in Indonesia

In Indonesia, we are encouraging farmers to establish nurseries. At present, there are 39 nurseries, some of which have been developed as successful business ventures by farmers. After growing the 3,000 seedlings that we sponsored them to produce, these farmers went on to secure contracts with the Indonesian government.

Improving farmer livelihoods
 Farm development continued

Using fertilizer well

Progress

Reach and adoption:

450

MT tons of fertilizer distributed to date

30,000

farmers are now trained to use fertilizer correctly

101

farmer organizations helping their members acquire fertilizer and training about how to use it

39

cooperatives bought a total of around 393 tons of fertilizer, in average orders of 8,300kg

US\$215,000

invested by farmers and farmer organizations in fertilizers

800

hectares now being farmed using fertilizer supplied through Cacao Allyie

Result:

56%

increase in yields achieved by farmers using fertilizers correctly

What we have learned:

- Fertilizer only delivers a significant return on investment when farmers are fertilizer ready – with young productive trees, grown using good agricultural practices and crop protection

Our plans for 2016:

- Roll out the Cacao Allyie fertilizer initiative to other cooperatives
- Aim to distribute 600 MT of fertilizer to farmers in 2016
- Continue to increase training and awareness around farmer savings schemes, to encourage farmers to save money for fertilizer. This will alleviate cooperatives of the burden of pre-financing
- Continue to measure the impact of the Cacao Allyie initiative, and the outcomes for our farmers



Improving farmer livelihoods Farm development continued

Fertilizer must only be used when soils have been prepared properly and it needs to be used well. Too much can disturb the nutritional balance of the soil and create a vicious circle in which farmers use more, to less effect. It can also endanger human health and exacerbate climate change, because its use produces greenhouse gases.

Our Cacao Allyie fertilizer initiative in Côte d'Ivoire

To ensure farmers use fertilizer the right way, we run the Cacao Allyie initiative, in partnership with Dutch Sustainable Trade Initiative (IDH) and Louis Deyfus Commodities (LDC). Farmers learn how to assess their farm's suitability for fertilizer and how to apply it correctly when the time is right.

Cacao Allyie starts with farmer cooperatives, who buy fertilizer on credit at affordable rates every month and then sell to farmers for immediate payment, or on 30-day credit terms. Alternatively, to reduce the financial risk to cooperatives, farmers can pay for their fertilizer through a savings scheme. This year, 39 cooperatives bought a total of around 400 MT of fertilizer, in average orders of 8.3 MT.

The next stage in the Cacao Allyie journey to better yields and profitability involves training and application. Farmers who buy fertilizer receive a training "image box" – a simple cartoon sequence that explains how to prepare their land for its use, choose the right weather conditions and apply it correctly. This advice ties in with their training at Farmer Field Schools. This year, 101 cooperative managers, 50 ANADER agents and 30,000 farmers have completed fertilizer-specific training through Cacao Allyie.

We are also measuring and evaluating the impact of the Cacao Allyie program, by running two demonstration plots – one farmed using good agricultural practices, crop protection and fertilizer, the other without fertilizer as a control. These demonstration plots have also been used to train 421 farmers, including 28 women, on the techniques required to use fertilizer effectively.

The outcomes of Cacao Allyie are still being assessed, but there are plans to distribute more fertilizer next year and to involve more cooperatives. More work will be done to encourage farmers to save for fertilizer too, so that cooperatives can reduce their own financial risks.

At the end of 2014/2015, 30,000 farmers involved in Cacao Allyie were trained to use fertilizer correctly. Initial findings show an average 56% increase in yields as a result. Together, farmers and farmer organizations invested a total of US\$215,000 in fertilizers through Cacao Allyie by the end of the year, with a total of 450 tons distributed.



Improving farmer livelihoods
Farm development continued

Affordable finance and protecting forests

Affordable finance and good advice

Farmers will only use better agricultural resources if they can access them easily and afford to buy them. We are helping them achieve this in a number of different ways.

Our Cacao Allyie fertilizer initiative and our Yiri⁺ crop protection program with Syngenta both offer farmers affordable finance, but they have not yet been rolled out to all farmers. Until they are, we are taking steps to support farmers in the short term. In Ghana, we have worked in partnership with TechnoServe to provide affordable finance for 500 farmers in 2015, with 50% of the loans issued to women. We have also set up three rural service centers in the country, where around 600 farmers can buy quality farm products at cost price. We are subsidizing the centers at present, but believe they will become self-sufficient businesses in time.

Using a mobile banking platform, farmer cooperatives will be able transfer any premium payments to farmers much faster than in the past. This innovative project will not only improve the speed with which farmers are paid, but give them access to mobile banking technology and increase transparency of the entire premium payments process. We are partnering with the World Cocoa Foundation to roll the project out, using a model developed by another of our partners, the IFC.

In Indonesia, we have initiated a joint venture with a private sector organization to make sure crop protection products and fertilizers are available, at a fair price, at the farmer's gate. We are starting a pilot scheme for this venture, involving 4,000 farmers.

Replanting shade trees to support biodiversity

Biodiversity supports healthy ecosystems, including those on agricultural land. Traditionally, cocoa farms were rich in biodiversity because cocoa trees were planted in shade amongst other crops and trees, but this mixed approach is now much less common because many farmers have removed them to make more land available to grow cocoa trees. Shade trees can play a particularly important role on farms because cocoa trees perform optimally under shade cover, providing a habitat for birds and mammals and improving soil quality by taking up nutrients that shallow-rooted cocoa trees cannot access, then returning them as falling leaves and branches. Our farm development training stresses the importance of replanting shade trees and explains how many of them farmers need to plant to make an impact and satisfy sustainable certification requirements.

Protecting and regenerating forests

If farmers can improve the profitability and productivity of the land they already farm, they should be able to increase yields and meet growing demand without having to encroach on forests.

In 2014, Cargill endorsed the UN Declaration of Forests, and we have subsequently announced that we intend to end deforestation across our agricultural supply chain by 2030. We wanted to build our understanding of the issues and actively address deforestation within our agricultural supply chains, where appropriate. For this reason, Cargill is conducting a detailed risk assessment within our sourcing network to map farms using GPS technology. We are conducting this assessment country by country, starting with Côte d'Ivoire in 2015. The risk assessment will inform the most appropriate and meaningful actions to address deforestation in our cocoa supply chains.

Replanting forests in Brazil

We are supporting the protection and preservation of biodiversity in Brazil by replanting areas of land that have been cleared of forest over the past years. We have committed US\$3 million for the Nature Conservancy, an NGO working in the north of Brazil to restore forests. With our support, they are not only returning land to its original forest vegetation, but also growing 1,000 hectares of cocoa using the forest canopy as shade protection. In parallel with this work, the Nature Conservancy has created two demonstration plots where farmers can be taught about the value they can gain from preserving, rather than depleting, forests. They are taught how biodiversity and the use of shade trees underpin soil quality.

Read more about what Cargill corporate is doing about deforestation here: www.cargill.com/news/what-cargill-is-doing-about-deforestation/index.jsp



Improving community livelihoods

To help create thriving communities that are armed with social services and where community members are united to protect children from child labor and empower women.

Our approach

We believe that by enabling communities to prosper, the cocoa sector will benefit as a whole. Our supporting initiatives, many of which are developed and implemented in partnership with external organizations and farmer organizations, are developed to enhance our Farmer Livelihoods work. We focus on women's empowerment, and children's protection, education, and nutrition.

Prior to commencing any activity, we conduct an assessment of the community's needs, and engage farmer organizations to ensure joint input achieves the greatest impact and ensures shared ownership of all interventions.



90,000

farmers trained to understand the worst forms of child labor through our Farmer Field Schools

145

Community Action Plans in place

4,000

benefiting from access to finance

African Rights Initiative International awarded Cargill with a Global Community Impact Award for our work with CARE and Rural Education Project in Ghana

Improving community livelihoods continued

Our commitments

Reach and adoption:

- Strengthen cocoa-growing communities and promote social development by ensuring access to basic services, such as education and healthcare
- Ensure community-based awareness around issues such as child protection, gender, and nutrition
- Complete 145 Community Needs Assessments
- Support women in establishing income-generating activities
- Empower communities to take ownership of the solutions we help them achieve

Results:

- 97% of the children we reach stay in school for at least five years in Ghana
- 4.7% increase in primary school enrollment over two-year period from baseline in Ghana
- Community impact award for our work with CARE and Rural Education Project in Ghana

Towards 2020

- In progress
- Recently started

- All children in Cargill Cocoa Promise communities are protected from the worst forms of child labor
- Increase the number of Cargill Cocoa Promise communities that benefit from income earned by mothers and other women as farmers or as entrepreneurs
- Increase the number of Cargill Cocoa Promise communities that benefit from well-run primary schools
- All Cargill Cocoa Promises communities will benefit from good nutritional practices

* We will report publicly on our internal 2020 goals and the outcomes of initiatives once our baseline is established and data is available

Progress highlights

Reach and adoption:

US\$1.6 million
invested by cooperatives in social improvement, including US\$525,000 in 2015

90,000
farmers trained or currently training to understand the worst forms of child labor – ahead of our 2016 target year

49
schools have been built, with 12 new this year. This means 36,000 children now have access to better run schools

145
Community Action Plans in place to deliver the help local communities tell us they need

Results:

4,000
people benefiting from access to finance through VSLAs. Over half are women

What we have learned:

- There are many different direct and indirect causes of child labor in all its forms, and these intersect and influence each other in complicated ways
- Gender sensitization is crucial as women's role is closely linked to local norms, social attitudes, and assumptions
- Addressing community needs that fall outside our area of influence, involves engaging other stakeholders such as governments

Our plans for 2016:

- Continue to develop and roll out our community initiatives to a greater number of communities in all our origin countries
- Increase the scope of our women's empowerment work
- Continue to strengthen our relationships with cooperatives and farmer organizations, to achieve greater reach and adoption through our various initiatives
- Continue to roll out our Community Action Plans across all our origin countries



Improving community livelihoods continued

People living in cocoa-growing communities can build better lives for themselves with our support. Together with us and farmers' organizations, they can build communities with improved social services, where all families are well nourished, women are empowered, children attend well-run schools and are protected.

Many people in cocoa-growing regions lack access to social services, including reliable education, healthcare, water and electricity.

Young adults who have completed a period of continuous education are more likely to stay in prospering communities and become the farmers of tomorrow. Empowering women to become income generators is pivotal in triggering better education and nutrition.

The importance of shared ownership

If local people feel involved and in control of solutions to the challenges they face, then they are more likely to succeed over time. Shared ownership also makes it easier for us to understand what each local community really needs. This understanding is vital because every community is unique.



Creating Community Action Plans

Together with people in cocoa-growing communities and our partners, we are starting to develop and implement distinctive Community Action Plans (CAPs) for each cocoa-growing community. These plans reflect the needs of each community; and they are set up, implemented and managed together with community development committees made up of local people.

At present, we have 145 CAPs in place to deliver the support that local communities tell us they need.

Our Community Action Plans (CAPs) have been developed together with CARE International and follow the methodology set out in the 2013 version of their Community Care Score Kit. Crucially, this approach provides a way to identify how programs are being experienced by, and working for, the people who use them and the people who provide them.

Improving community livelihoods continued

Protecting children

Progress

Reach and adoption:

90,000

farmers trained or currently training to understand the worst forms of child labor

3,500+

community members trained to understand the worst forms of child labor

Results:

4.7%

increase in primary school enrollment over two-year period from baseline in Ghana

97%

of the children we reach staying in school for at least five years in Ghana

What we have learned:

- There are many different direct and indirect causes of child labor in all its forms, and that these intersect and influence each other in complicated ways. Consequently, we cannot tackle this issue through awareness raising alone
- Child labor is directly linked to rural poverty. In poor farming communities, children's contribution on farms is often seen as a necessary, acceptable, way of life. We need to address people with very different cultural mindsets to our own, to get our views across convincingly

Our plans for 2016:

- Continue to roll out our initiatives through a greater number of cooperatives and communities in all our origin countries
- Implement Cargill Cocoa Promise child labor monitoring and remediation system to take a more targeted approach to awareness raising, identification and remediation of cases of child labor
- Continue to build our understanding around the underlying causes and best solution to mitigate child labor



We are concerned about the safety and wellbeing of children who may be involved in dangerous or forced work on cocoa farms and we are committed to working towards a transparent cocoa supply chain where children are not subjected to the worst forms of child labor conditions.

The challenge we face is complex, as the root-cause of child labor issues is often poverty. The Cargill Cocoa Promise is key to addressing this issue. As part of our commitment, we are working with the governments of cocoa producing countries, industry partners, NGOs and local farming communities to make a difference in the lives of cocoa farmers, to protect the rights of children and to support cocoa-farming communities.

We have dedicated teams in place to ensure consistent implementation of our child labor policies, coordinate our approach across all our activities and programs, and liaise with other stakeholders.

If we are alerted to any child at risk, we work with the local community to inform the management of the farmer cooperative and regional government officials so they can investigate and take any necessary actions.

We are working hard to eliminate unacceptable forms of child labor. Our approach is two-fold. We provide awareness training to our teams, children in cocoa-growing communities, farmers and their families, and community members, such as teachers. And we address child labor by using independent certification standards provided by UTZ Certified, Fairtrade Foundation, and Rainforest Alliance. For example, all our employees in Côte d'Ivoire are trained by the International Cocoa Initiative (ICI) to help them understand and identify children who may be at risk, and we are working with our certified farmer cooperatives to improve processes to help address child labor.

In line with a commitment made in our last report – to train 70,000 farmers to understand the worst forms of child labor – we have now trained 90,000 farmers through our Farmer Field Schools. We are a long-term member of the ICI and work with them to implement proven ways of helping farmers identify tasks that may harm children and reduce the dangers for children on farms, such as using machetes, pesticides or carrying heavy loads.

At the same time, we have trained children to make sure they understand the risks they face and what they can and cannot do to help on farms. Our feedback shows that 95% of the children trained now understand what is meant by child labor.

Improving community livelihoods continued

Protecting children continued

At present, around 10-20% of the certification payments received by farmer organizations are reinvested into community projects. These include measures that help children, for example, investments in schools. If we protect children from the worst forms of child labor and ensure there are well functioning schools, they are more likely to attend school; and if they attend school regularly, they are less likely to be taken advantage of as unpaid laborers. Improving the provision of school meals can also increase school attendance, which is why, through our CARE program, we have set up 21 new school kitchens in the past two years.

Taking child protection to the next level

Given the number of smallholder farms involved in cocoa farming, their remote locations, and the difficulties of categorizing child labor by its various definitions in the local context, securing reliable data on child labor across the sector remains a major challenge. Together with ICI, we are developing a Child Labor Monitoring and Remediation System, to help us identify where children are working on farms, and then to respond appropriately. We will also offer training so that families understand why we have a clear policy on the worst forms of child labor. We should have more to report on this topic in next year's report.

Community level awareness raising

Through our partnership with CARE, we're ensuring that a wide variety of community members beyond farmers are empowered to address inappropriate forms of child labor.

Addressing child labor levels in West Africa

Reducing the number of children participating in child labor in West Africa is a critical priority for the World Cocoa Foundation (WCF), of which we are a member. We know that achieving reductions in child labor will take a sustained effort by several parties including industry, the governments of Côte d'Ivoire and Ghana, and other stakeholders.

While it is clear that some progress has been made, including through programs of the ICI, governments, civil society, and the chocolate and cocoa industry, we all must further our efforts to protect children in cocoa-growing communities. Achieving this will be possible only through continued joint efforts of all parties.

We have worked with the ICI to develop a training module covering children's rights and child protection at our Farmer Field Schools. We also use local Community Development Committees, set up together with CARE, to highlight the importance of these issues.



Improving community livelihoods continued

Empowering women

Progress

Reach and adoption:

19

cooperatives have been trained about the importance of gender equality

115

sensitization training sessions delivered to our implementing partners, such as ANADER and CARE

40

Cargill employees working in the field have been trained in gender

77

new Village Saving and Loan Associations have been set up

Results:

4,000

people have benefited from credit through VSLA. Over half are women

What we have learned:

- In communities where we have established VSLAs and conducted gender sensitization training, women report that they feel more able to contribute to decision-making in the community
- Women's role is closely linked to local norms, social attitudes, and assumptions. The first step towards women's empowerment is conducting sensitization training to raise awareness amongst a broad range of actors, and creating that environment that enables successful capacity building

Our plans for 2016:

- Expand number of VSLAs across our programs
- Embed gender awareness training in our Farmer Field Schools
- Improve the accessibility of training to women
- Continue gender awareness training to our own teams



Women frequently play key roles in cocoa-growing communities – contributing directly and indirectly to their cohesiveness, for example, by managing homes, providing food for their families, taking children to school and paying school fees. Yet too many women in these communities struggle to overcome gender inequality issues, and as a result they may be excluded from playing a role on their spouses' farms or as income generators in their own right. We want to empower women to play an even bigger role in improving community livelihoods.

Coop leaders studying through our Coop Academy, currently running in Côte d'Ivoire and Cameroon, complete diversity and gender sensitization training. You can read more about this initiative on page C07.

The Coop Academy is an effective way for us to train women who already work in leadership roles to become even more effective. These women provide positive role models for the importance and effectiveness of women's empowerment in cocoa-growing communities.

To better understand the challenges we face in empowering women through farmer organizations, we have commissioned KIT, one of our knowledge partners through the World Cocoa Foundation, to complete an assessment of women's current involvement and status in farmer cooperatives.

Improving community livelihoods continued
 Empowering women continued

We know, thanks to research from a situational analysis completed by CARE in Côte d'Ivoire, that in a number of ways our Farmer Field Schools are not as accessible to women as they are to men, and we are currently exploring ways to change this – by locating them in villages and running them at more convenient times, for example. You can read more about this on page B12.

We also trained 100 ANADER agents on the importance of improving the accessibility of our programs to women. We believe that if our implementing partners have a better understanding of some of the key issues affecting women's access to training, then they will be able to improve the delivery of our Cargill Cocoa Promise interventions.

Through our Prosperous Cocoa-Growing Communities program in Côte d'Ivoire, which we run with CARE, we have identified 10 communities where we will be implementing income-generation activities that will support women to develop their skills so they can cultivate and market food crops on the local market. This training is just underway and we will report on progress in next year's report.

At some of our Farmer Field Schools and in Community Development Committee meetings, we will be rolling out a new training module in 2016, to raise awareness of gender issues among farmers and other community members.

“Including women in farmer training is important. It is a way to improve livelihoods for cocoa-growing families and to secure future production of quality cocoa.”

Florence N'Dry, Chef de Zone
 ANADER Dabou

“It is essential that we take women's aspirations into account in all rural development activities.”

Adama Kabore, Technicien Spécialisé
 ANADER Abengourou

Empowering more women in Indonesia

Through a multi-stakeholder program run by the NGO Swisscontact, we are offering valuable training to more women. In recent training modules covering good nutritional practices, good financial practices, and good agricultural practices, women made up 79%, 52% and 19% of those attending, respectively.

“Although our culture did not allow women to speak out, with the inception of the VSLA and sensitizations on gender equality, women are now holding leadership positions and are able to contribute to decision-making in the community.”

VSLA committee member
 Ghana

Supporting women through Village Savings and Loans Associations

To become income generators in their own right, women very often need affordable credit and if times are hard, borrowing from a spouse or family members is usually not an option. Our support for Village Savings and Loans Associations in Ghana and Côte d'Ivoire means women can access affordable finance. This unique approach is managed and governed by local communities and interest rates are very competitive.

VSLAs are generally run over 3-12 months, typically with 30-40 women involved. They are a good way to save money as well as to borrow it. Women-only VSLAs hold weekly meetings at which each member makes a fixed deposit. At the end of the project the net amount saved, after any debts, is paid back to the women at the agreed savings rate.

“I had seen my wife borrow from money lenders to expand her business but it rather put pressure on the whole family and the business because the payment terms were not convenient and the interest rate was high. I am happy to say that the CARE-Cargill VSLA is different; the interest rate is as low as 5 percent and the payment terms very convenient and flexible. My wife's business is booming and she has become my financial backbone.”

Aline Sip Hoho
 Ghana



Improving community livelihoods continued

Empowering women continued



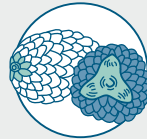
“My life changed with the earnings from the cocoa seedlings and cocoa production on my farm. I paid all the school fees and renovated my house. I am able to feed my family well and support other farmers in the group.”

Esther Adoma

Cocoa farmer, Ghana

One woman's journey

Esther Adoma, aged 36, single mother of three children, lives in Tano North District, Ghana.



Esther extracts palm oil. She earns very little. She cannot afford to pay her children's school fees or her utility bills. She struggles to feed her family.



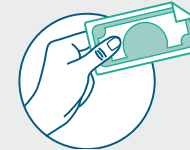
Through the CARE-Cargill project, Esther joins a farmer group. She is elected group organizer. She does this well, persuades more farmers to join and sparks the group into action. Empowered by the farmer training she completes, Esther uses a five-acre piece of land she has inherited to grow food and cocoa.



Esther undertakes cocoa nursery management training. This inspires her to grow and sell cocoa seedlings. Using hybrid cocoa pods acquired through the project she raises 10,000 seedlings – with a little help from a community extension agent. She sells her seedlings for US\$1,250. She also sells five bags of cocoa grown on her land.



Esther pays her children's school fees and renovates her home. She can afford to buy better food for her family.



Esther takes out a small loan after joining a Village Savings and Loans Association. She opens a small shop to generate more income.



Esther is currently raising 15,000 seedlings. She plans to sell 10,000 and use 5,000 to expand her farm.

Creating environments to enable women's access to skills and training

To start addressing the practical barriers which prevent women from becoming more fully empowered, many of which we now understand better thanks to the research we have completed in cocoa-growing communities, we have launched a business and productivity training program exclusively for women. The program has been developed with WCF and is being implemented by ANADER. At present, 1,000 women in Côte d'Ivoire are participating.

A key aim of the program is to encourage women to become involved in cocoa farming because they recognize it as a viable business activity. Through training they gain basic literacy skills if needed, along with an understanding of farm finance and business planning, as well as advice about how to set up saving clubs. The program also gives them an understanding of the good agricultural practices required to set up a cocoa farm or seedling nursery.

We believe this program will give more women the skills and confidence required to thrive as cocoa farmers or in other entrepreneurial activities.

Providing joint opportunities for mothers and children

In last year's report we introduced our Cocoa Community Development Fund (CCDF). In partnership with the WCF, the project sought to improve opportunities for 60 mothers in Côte d'Ivoire. After working for a year with these women's groups, all women have received training in entrepreneurship skills and how to set up a small business. Thanks to ongoing engagement, we now have a better understanding of the types of small enterprises these women are interested in developing, to supplement their income from cocoa farming. These include making soap, selling dresses and shoes and running small bars and cafés.

Improving community livelihoods continued

Widening access to education, healthcare and other social services

Progress

Reach and adoption:

36,000

children with access to new schools built in cocoa-growing communities

US\$1.6 million

invested by cooperatives in social improvement, including US\$525,000 in 2015

96%

of children aged 6-11 with access to schools through the CARE program are enrolled in school

159

school management committees and parent-teacher associations supported on education policy, gender and child labor issues

3

health clinics have been built in Côte d'Ivoire and five boreholes in Cameroon since last Cargill Cocoa Promise report

Our plans for 2016:

- Continue to roll out our initiatives through a greater number of cooperatives and communities in all our origin countries
- Expand the access to water projects in Cameroon to reach an additional six communities

Back in 2008, we committed to invest US\$10 million in partnership with CARE, a leading humanitarian organization. Our objective is to lift 100,000 people in West Africa out of poverty by improving their educational, nutritional and economic opportunities.

Our focus is to provide children with access to schools that stay open, because all too often school buildings funded by well-meaning businesses can fall out of use very rapidly without ongoing investment in teachers and teaching equipment. Taking this into account, we are progressing well. For example, in Ghana, on average 96% of children aged 6-11 with access to schools through the CARE program are enrolled in school and 97% of these children stay in school for at least five years.

Through our programs, 12 new schools have now been built in cocoa-growing communities benefiting an additional 2,000 children. In total, we have 49 schools, reaching 36,000 children.

Supporting schools that last in Côte d'Ivoire

Through our ongoing CARE work, we are trying to provide children with schools that last by working through Public-Private-Partnerships. It is a more time-consuming approach, because more organizations are involved, but together with the Ministry of Education and the Conseil Café-Cacao in Côte d'Ivoire, we are achieving lasting success: well-built, well-resourced primary schools that stay open year-on-year.

Schools are backed and resourced by the government, with additional financial backing from farmer organizations, who allocate some of the premium payments they receive through certification schemes, to support them. We hope this approach can be rolled out to provide continuous education for more children in other origin countries. We are happy to hear this innovative design has now been introduced as a more formal Private-Public-Partnership approach with the Côte d'Ivoire government. Cargill is encouraged to see the uptake across our industry.

Improving access to potable water in Cameroon

Access to water is essential to life and when clean, potable water is in short supply, people in cocoa-growing communities often face health and nutrition issues. In 2013, we launched a project to improve access to water by drilling boreholes in five communities in Cameroon, reaching 50,000 inhabitants. The project has been a success and we will be extending it to another six communities in 2016.

What we have learned:

- There are many community needs that require engagement from local authorities and governments. This adds a dimension to progressing efforts locally
- Delivering against all areas outlined in the CAPs in a timely manner can be challenging
- Addressing community needs that fall outside our area of influence, involves engaging other stakeholders such as local governments



Improving community livelihoods continued

Improving nutrition

Progress

Reach and adoption:

4,000

men and women have improved their understanding of good nutrition thanks to our training

4,500

households in Indonesia participated in training around Good Nutritional Practices, the large majority of them, women

6,500

households trained in Good Nutritional Practices nutrition thanks to our training

20

kitchen gardens have been set up for school canteens to provide lunch to children

4 to 6

is the change in dietary diversity score in two years, based on the scoring system developed by CARE

192

community health volunteers trained to use nutrition counseling cards, working with Ghana Health Service and Women in Agriculture Development

Our plans for 2016:

- Roll out our training on Good Nutritional Practices in Indonesia and Ghana to Côte d'Ivoire

Cargill is committed to a world where every person has access to safe and nutritious food. We are involved in projects that enable people in local communities to improve their nutritional wellbeing. Sometimes this can be done by educating them about the need for a balanced diet and what this comprises; other times it involves training that shows them how to grow more food, at a lower cost, for personal and family consumption.

Improving household dietary diversity in partnership with Ghana Health Service

Cargill is working with CARE to promote more sustainable cocoa-farming communities, with a focus on food security and nutrition. Together, we provide farm households with high-yielding seeds for fruits and vegetables. We train extension agents to provide education to communities on nutrition, dietary diversity, food preservation and storage.

“Through this CARE-Cargill partnership, 85% of farmers have increased their production by nearly 10%, contributing to an average increase of 67% in income. These farmers are now making more than 1.5 times more money than they did before.”

Maria Hinson

Senior Program officer for Cargill
Food and Nutrition Security Unit, CARE USA

As the scores from the Household Dietary Diversity survey developed by CARE show clearly, the outcomes of initiatives have been promising, but there is still more to be done at a broader scale. More than 4,000 women and men have participated in training programs or other initiatives designed to address nutrition practices or malnutrition.

Our simply designed nutrition counseling cards have proven particularly effective at improving people's nutrition. They have been provided to 1,500 farmers in Ghana.

To help us assess the outcome of our nutrition programs, we use a scoring system developed by CARE. This questionnaire-based approach produces a score for all participants, with a score of seven or higher indicating good nutrition. The system covers 12 food groups: cereals; roots and tubers; vegetables; fruits; meat and poultry; eggs; fish and seafood; pulses, legumes and nuts; dairy; oils and fats; sugar and honey; other food stuffs.

Improving nutrition in Indonesia

In Indonesia, many farmers and their families survive largely on a diet of rice and grains. They would benefit from eating a more balanced diet because malnutrition can have a negative impact on farm workers' health, and consequently farm productivity and profitability.

To address this issue, we are working with Swisscontact's partnership program to support households in improving their nutritional standards. Up until the middle of 2015, around 4,500 cocoa farmer household members had participated in this training.

One issue that has come to our attention is the impact that a lack of water, or poor management of water resources, has on nutritional standards. Farmers often fail to maintain their vegetable gardens because they cannot not irrigate them during the long dry season. Another problem is that farmers cannot always acquire sufficient compost. We are trying to overcome this problem by showing farmers how to generate and manage their own supplies.

Swisscontact believes that gender inclusion is crucial to the program's success because women are key influencers in favor of nutritional change within most families. As a result, malnourishment in children will be addressed, too.

What we have learned:

- The choice of food consumed by households is predominantly decided by men and influenced by available food and household income
- Identifying sufficient community health volunteers and animators to train on use of child nutrition counseling cards can prove challenging

