



Cocoa and Chocolate Sustainability Progress Report 2020

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Dear partners,

Last year, I wrote this letter during the first wave of the COVID-19 pandemic. We are now one year on, and the effects of this global crisis have only just started to unfold. During these challenging times, it remains our priority to protect our employees, farmer communities, customers and partners so they can continue their work safely. I feel proud and humbled by what our teams have been able to accomplish together with our partners: the challenges we've faced collectively have made us even more motivated and determined to accelerate our work to create a sustainable cocoa sector for generations to come.



'Building back better' is the phrase many have adopted to describe the need to come together and learn from the systemic flaws the pandemic has exposed, but also to ensure we leverage creativity and digital solutions to adapt to the adverse environment in which we now operate. For example, COVID-19 has underlined the importance of our focus on water, sanitation and hygiene. In the past year, we've actively used technology to reach farmer communities about the importance of good hygiene to prevent the spread of the virus. In addition, we have worked with our partners in the countries where we source cocoa beans to adapt the delivery model of our sustainability programming by accelerating digitalization.

The importance of digital technology really stands out for me. Due to our unique position, Cargill has an important role to play in connecting the producing and consuming parts of the cocoa supply chain. Technology presents new, more efficient and transparent ways of fostering this connection. Cargill invests in technology to better support farmers and to continue to build trust through transparency with customers and consumers.

For example, this year, we launched and expanded CocoaWise, our digital suite of tools – an important enabler of achieving our goal of 100% digital traceability to the farmer.

We scaled up the use of digital payments in all our sourcing countries to ensure accurate and secure payments to farmers. Beyond our own supply chain, we continue to focus on leveraging accurate and secure technology for sector-wide transformation. More open-source innovation and precompetitive sharing of data are key in making this happen – initiatives such as cross-sector reporting or national farmer registration and traceability systems are examples of how technology can help drive a positive impact for all.

At the industry level, we continue to use our scale and position in the supply chain to support the creation of an enabling environment for a sustainable cocoa sector. We advocate for a balanced approach in which both producing and consuming countries play their part. Helping cocoa farmers to reach a living income remains one of the biggest challenges and is an important focus in our sustainability programming. We believe the solution lies in a smart mix of tools and multi-stakeholder initiatives focused on supporting and professionalizing farmer organizations and by creating an enabling environment that supports farmers to be successful. Price is part of that mix, and it can be supported by incorporating sound supply management in the national agricultural policies. We also see governments in consuming countries take an increasingly active role through the development of legislation to drive greater transparency. I was honored to be elected as the Chairman of the European Cocoa Association (ECA) and, in that role, support legislation for a more sustainable and transparent supply chain.

I want to close by saying that the progress and achievements included in this report are the result of the ongoing dedication of the individuals and teams working relentlessly for a more sustainable cocoa industry – our customers, partners, colleagues, NGOs, governments and, above all, the farmers and their farmer organizations and communities. A sustainable cocoa sector means chocolate can be a force for good and put a smile on people's faces across the entire supply chain.

Sincerely,

Harold Poelma

President, Cargill Cocoa and Chocolate

Connecting the dots: a systemic approach for a better cocoa future

With just ten years left to achieve the UN Sustainable Development Goals, the call for transformative action to solve the world's biggest challenges is more pressing than ever. Sustainability challenges in the industry have prevailed and are highly interconnected. This underlines the need for a systemic approach across the sector. Only by driving improvements at all levels – economic, environmental and social – can we achieve structural change.

Cocoa for a living

Cocoa is an important source of employment and income for rural populations, yet too many cocoa farmers do not earn a living income. Profitability for households depends on multiple factors, such as productivity, business skills, access to resources and farm gate prices, which all need to be taken into account. Access to tailored farm management coaching, finance, such as micro loans, and market linkages is key for a farmer's business case and a crucial element of the Cargill Cocoa Promise. Price mechanisms and sustainability cash premiums, in combination with supply management, are also important to achieve more consistent revenue for farmers, thereby increasing their resilience. More transparency, for example through digital tools and reporting, can ensure these additive measures benefit farmers. In recent years, public-private partnerships and digitalization have been successful in bringing service delivery in cocoa to scale. At Cargill, we believe these lessons can be taken to other crops and income streams to further boost the resilience of farming households. A broad picture of household economics, as provided through our Farm Economic Model, forms the basis for our farmer livelihood interventions.

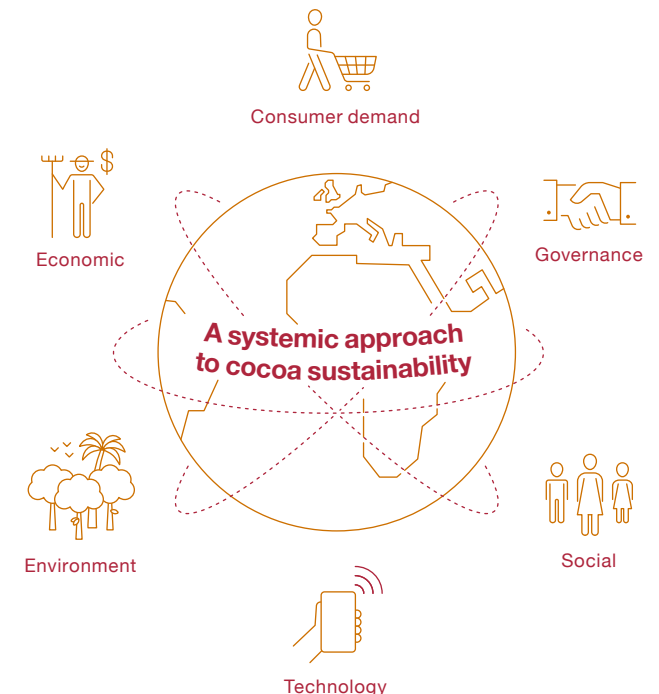
Social equity and justice

Progress is only made when we forge social justice, respect human rights and drive equality. This is, and should be, at the heart of all we do. A comprehensive study of child labor in cocoa communities by the National Opinion Research Centre (NORC) at the University of Chicago provides a strong impetus for the industry to take holistic action against child labor. Growing volume has increased in high-production areas, and the prevalence of child labor has therefore stabilized. The study confirms the effectiveness of industry interventions. Yet in production areas where households are shifting to cocoa, child labor is increasing. This shows that, as an industry, we need to ensure no household or community is left behind in our efforts. Strong communities are a key factor in preventing challenges such as child labor, and the COVID-19 pandemic is making safe access to education, nutrition and health services more important than ever, for us and our industry partners.

Here, women leaders are a promising, yet often forgotten, force of change. At Cargill, we believe that advancing women's leadership advances the sector at large. It's time to make gender parity the norm, throughout the cocoa chain.

Deforestation out, regeneration in

Climate change and biodiversity loss are serious threats to nature, and therefore also to industries. After all, without nature, there is no cocoa. Aligned with the EU Green Deal and the global UN Conference of the Parties (COP) as key collective agendas for climate neutrality and nature regeneration, we need to rapidly scale nature-based practices so that nature and people – especially farmers – reap the benefits. According to the World Resources Institute, tropical forest loss accounts for 8% of the world's annual CO₂ emissions to date, and deforestation and land use changes are key elements in cocoa's footprint. Meanwhile, as a crop, cocoa has the potential to be a viable source of regeneration. Through agroforestry, cocoa



fares well in the shade between other trees and functions as a carbon sink that sequesters carbon while providing a positive business case for farmers. There is much more to be done to achieve low-carbon cocoa. We have collaborated in the 1-for-20 Partnership and see potential breakthrough results which allow the scaling of more environmental innovation within and outside of farms, including in cocoa's logistical and production chains.

Digitizing the cocoa chain

According to [McKinsey](#), the agriculture sector is still slow in digitization, yet has the potential to add more than \$500 billion in additional value to the global gross domestic product by 2030. The Initiative for Smallholder Farmers ([ISF](#)) estimates the credit gap for farmers in developing countries to be about \$170 billion per year. Digital technologies can disrupt the way cash transfers and loans reach farmers. Additionally, farmers that access and utilize digital tools get more tailored agricultural support, connect more and faster to markets, and can access real-time information for better results. A digitized cocoa supply chain provides companies and their consumers with granular transparency, such as end-to-end traceability of cocoa, remote-sensing of landscapes to assess deforestation risks, and digital tracking of school enrolment and attendance to monitor potential child labor risks. In these efforts, it is crucial to ensure that the tools increase rather than reduce farmers' autonomy. This is why, at Cargill, we establish locally owned digital ecosystems and work directly with producing countries to expand local data handling. With responsible sharing of data at scale, there is much more power to unlock from technology.

What does this tell us?

As a leading cocoa company, we act across the cocoa supply chain. By taking a systemic approach, we help ensure that the right actions are taken at all levels, while considering their interconnections and synergies. We work directly with our stakeholders, such as farmer organizations, governments, customers, peers and NGOs, to help ensure that our sustainability impact is more than just the sum of its ecological, economic and social parts, and that it drives and maintains sustainability in cocoa at scale.

An enabling environment, global to local

Governance structures between and within companies and cocoa-producing and consuming countries are important enablers of progress in the cocoa industry. There are many relevant developments, such as mandatory due diligence legislation, changing food safety regulation, the exploration of further public-private partnership agreements between consuming and producing countries, and the initiation of more jurisdictionally managed, sustainable landscape approaches. Aligning on efforts such as traceability and carbon footprinting enhances efficiency and collective action. At Cargill, we believe in more equal representation of all stakeholders, and we are calling for more cross-sector synergies as these are the true accelerators of progress.

Growing consumer demand for sustainability

Consumer demand for sustainable chocolate is growing, and consumers want to know about the impact of their purchases. [Research](#) we conducted in 2020 with 7,000 consumers from 10 European countries showed 68% of consumers said that they would pay more for a chocolate product made with sustainable cocoa. As production in Ecuador and Peru becomes more advanced, cocoa can focus more on single origins. Here, greater transparency on sustainability and origin can enhance consumer confidence. The sustainable chocolate business case can be further tapped into, as the sensory experience of chocolate is linked to its provenance, consumers can track insights from bean to bar, and more flavor and sweetness is used from the cocoa fruit, avoiding refined sugar and waste.



Doing more: supporting everyone during the pandemic and expanding our efforts to protect children

COVID-19 showcases how important it is for Cargill to use its agility to rapidly respond in times of crisis, while keeping an eye on longer term goals. In 2021, we continue to keep a strong focus on the future and continuously seek to adapt and expand our efforts based on the needs of today and tomorrow.

More efforts to provide health and safety for all

- **Taking our work online:** Except for those at our production sites, everyone started to work from home, providing support with office supplies and mental coaching. With the support of our strong local partnerships in sourcing countries, we could continue programs online and under safe field conditions when restrictions were in place.
- **Spreading the word:** Through farmers' digital tools, we communicated health and safety measures to farmers in Côte d'Ivoire and in Ghana. We shared good hygiene protocols in direct operations, such as buying stations. We supported farmer organizations to reach out to communities, and we distributed 40,000 bars of soap to communities.
- **Allocating additional funds:** We made financial contributions to international relief organizations operating on the ground, in line with national emergency plans. Together with partners, we took additional WASH efforts, installing 37 water pumps as COVID-19 relief in Côte d'Ivoire and 12 boreholes in Cameroon in 2019-2020. In 2021, we will scale this and other community initiatives further, in order to build back better.

More efforts beyond our supply chain to eradicate child labor and protect children

With increased economic pressure on farming families, and school closures due to COVID-19, children's vulnerability to child labor may increase. We continue to raise awareness of the topics among farmers, communities and farmer organizations. In addition, we are scaling up our holistic approach against child labor:

- **Prevent:** We increasingly measure the economic and social resilience of cocoa households to tackle root causes early on by creating more economic opportunities and increasing access to education.



- **Identify:** In 2021, will continue to scale the reach of Child Labor Monitoring & Remediation Systems (CLMRS). By 2025, we will have introduced a monitoring and remediation system in the five countries where we directly source cocoa.
- **Remediate:** We provide additional support to households and children who are affected by child labor. We do this by helping out-of-school children restart their studies and young people benefit from vocational, technical education & training (VTET).
- **Collaborate:** We work closely with other companies and the International Cocoa Initiative (ICI) to share and improve best practices, drive industry-led initiatives and support national governments' action plans
- **Advocate:** We work together with public and private stakeholders on enabling factors, such as working with the Jacobs Foundation on the Child Learning and Education Facility (CLEF) to promote quality education for children.

Connected for More:

Our approach towards a thriving cocoa sector

Our vision

At Cargill Cocoa and Chocolate, we take the responsibility and the opportunity to act across the cocoa sector, connecting different stakeholders to drive change. Our aim is to connect every dot in the cocoa supply chain for maximum transparency by infusing cutting-edge digital technologies. In this way, we take a holistic view of the sustainability of cocoa and work effectively with our partners towards a common cause: a thriving cocoa sector that benefits all.

Our commitment

The Cargill Cocoa Promise has been the cornerstone of our holistic sustainability commitment since 2012. Our five Sustainability Goals align our intentions with the UN Sustainable Development Goals (SDGs), and our Theory of Change and Results Framework provide a methodological framework for continuous monitoring and evaluation across impact topics.

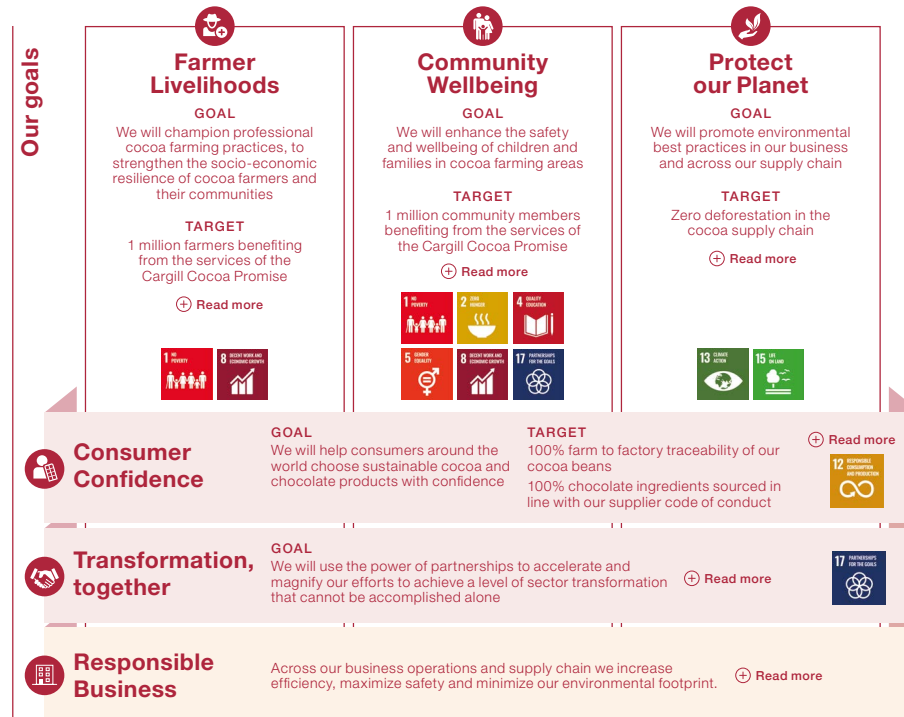
Our leading principles

To reach our goals, every initiative we develop and deploy, whether alone or with partners, is guided by the following principles:

- **Transparency:** We continuously measure and communicate the impact of our sustainability efforts to build trust, providing our customers and their consumers with maximum transparency and continuous accountability.
- **Technology driven and evidence based:** We apply cutting-edge innovation to trace cocoa in real-time and use insights to determine the best course of action.
- **Tailored:** We design programs that are adaptable across the local contexts of different sourcing regions.
- **Collaborative:** We build reciprocal relationships and ongoing engagement with all stakeholders in the value chain to create an enabling environment for sustainability progress.

Our impact measurement

Through CocoaWise™, our digital suite of tools, we continuously track the progress of the supply chain interventions we roll out together with our partners. This links all our indicators on cocoa farmers, communities and landscapes in a central repository. This is supported by 1) consistently bringing digital tools to scale, 2) redefining our data based on key performance Indicators (KPIs) and 3) working with an independent assurance provider to provide limited assurance on a selection of our non-financial KPIs. More information on the scope of the assured KPIs is provided in the section About this Report.



Impact at a glance 2020

Driving progress
from farm level to the
industry at large to
achieve a thriving and
sustainable cocoa
sector for generations
to come.



Farmer Livelihoods



[+ Read more](#)



Community Wellbeing



[+ Read more](#)



Protect Our Planet



64%

of farms are mapped
with GPS farm polygons
and assessed on
deforestation risk.

[+ Read more](#)



[+ Read more](#)



Consumer Confidence



Transformation, Together



[+ Read more](#)

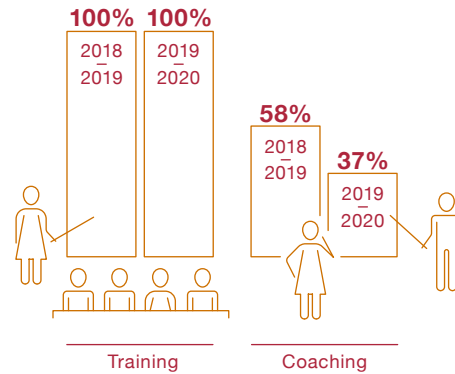


Farmer Livelihoods

Growing cocoa provides livelihood opportunities for farmers, and an entire industry depends on how cocoa is farmed. Cargill Cocoa and Chocolate helps smallholder farmers navigate fluctuating socio-economic and environmental conditions by building their capacity, improving their access to resources and increasing their resilience.

Progress at a glance

Advancing the capacity of farmers with more tailored training and coaching



All farmers are benefiting from training and/or coaching

This year the percentage of farmers active in one-on-one coaching is 37%, with 48% of farmers in Côte d'Ivoire, 36% in Ghana, 27% in Cameroon, 13% in Indonesia and 85% in Brazil. One-on-one coaching is a continuous program, and because of COVID-19 and travel restrictions, we reached fewer farmers in Côte d'Ivoire this year. We are re-engaging with these farmers.

2030 Target

One million farmers benefiting from the services of the Cargill Cocoa Promise.

Approach

We empower farmers to become true entrepreneurs who maximize profitability and manage their farms as businesses, contributing to their prosperity. We do this through a holistic approach that goes beyond productivity to diversify farmers' incomes and strengthen their resilience.

Key progress:

This year, coaching once again had a positive effect on the adoption of Good Agricultural Practices (GAP), which refers to the use of good planting material, proper shade management, maintaining and improving soil fertility, weed and pest control, and post-harvest management practice. Because of COVID-19 and travel restrictions, the coaching program reached fewer farmers in Côte d'Ivoire; we are re-engaging with these farmers. We set up Integrated Soil Fertility Management pilots with Mondelez International as part of the CocoaSoils program and worked with advanced farmers in Indonesia on pest management trials. We supported benchmarks for the Living Income Community of Practice (LiCoP), including for Cameroon, and initiated studies on income diversification in Ghana and Côte d'Ivoire. In Brazil, we supported a separate collaborative study to better understand and segment farmer needs.

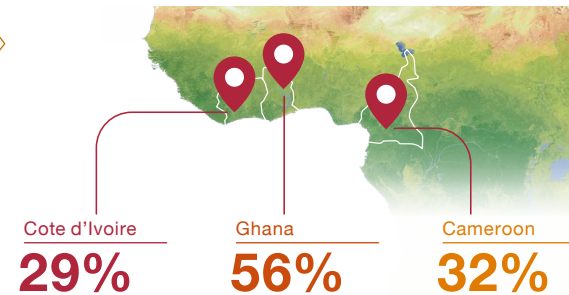
Learnings & next steps

In 2021, we plan to further expand our tailored support to farmers, for example through a collaboration with Nestlé, KIT, IDH and Rainforest Alliance on conditional cash transfers and a tailored agripreneurship program with our gourmet brand Veliche. We will also roll out our Farm Economic Model in Cameroon.

[Read more on our website](#)

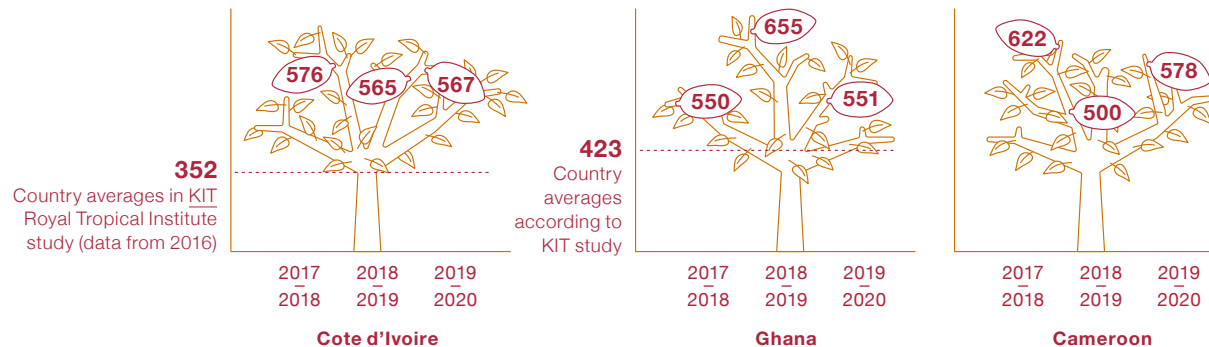
Adoption of Good Agricultural Practices (GAP)

GAP adoption by farmers fluctuates between 30 and 60%. GAP adoption in Côte d'Ivoire was stable compared to last year at 29%, and in Ghana it increased significantly from 29% last year to 56% this year. This is the first year with results for Cameroon.



Productivity remains key to farm profitability

Average yields in kg of cocoa per hectare for farmers in the Cargill Cocoa Promise



Spotlight

Scaling diversification opportunities to bridge the income gap

Many challenges facing the cocoa sector are impossible to tackle if farming households live in poverty. Yet, as no two households earn their income in exactly the same way, it takes a tailored approach to bridge the income gap. Based on new insights, Cargill is expanding its support to farmer livelihoods, with and beyond cocoa.

Calculating the income gap for cocoa households

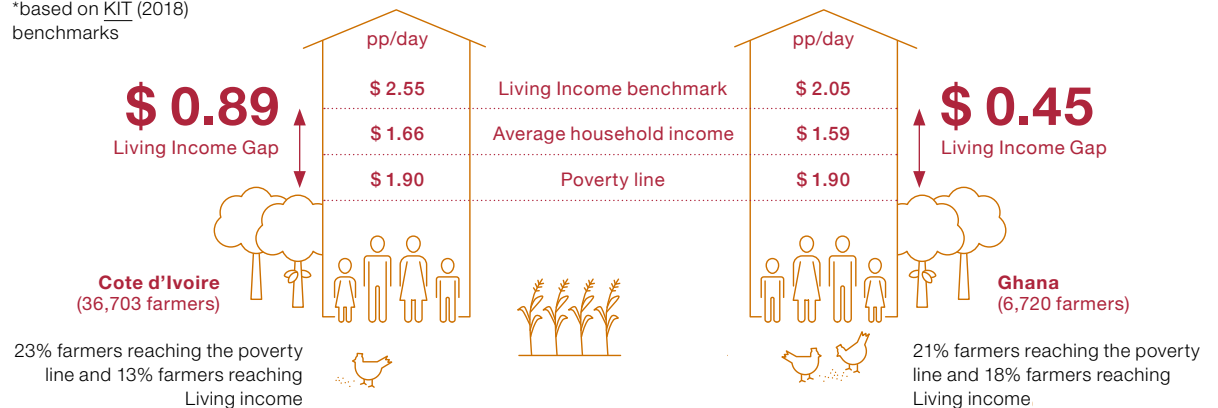
We use our Farm Economic Model to understand how cocoa households earn a living. This model estimates livelihoods at a household level by taking account of multiple interrelated factors, such as household size, annual yields, price and input costs. It also includes alternative income-generating activities, such as income from non-cocoa crops or livestock, and off-farm revenue streams. We have rolled the model out to many farmers in Côte d'Ivoire, and as of this year, we have expanded to Ghana. These calculations are compared with two widely used benchmarks: World Bank's international poverty line and the living income benchmark (based on living costs such as food, transportation and housing). Our assessments in Côte d'Ivoire and Ghana confirm the findings of earlier KIT Royal Tropical Institute studies: there is still a significant gap to close in order to reach a living income.

Diversification to drive income

Our assessment confirms the outcomes of earlier KIT studies: that 60% of farmers' income is from cocoa. Therefore, we optimize cocoa revenues and support farm profitability beyond cocoa to reduce dependency on cocoa alone. Income diversification contributes significantly to a higher and more stable income. To scale up our diversification programs, we set up multiple assessments in 2020 for Côte d'Ivoire and Ghana. As farmer organizations play a crucial role for cocoa farmers, we are now spearheading ways to equip them to provide market access, financial access, training, inputs and material, and equipment to farmers beyond cocoa alone. In Côte d'Ivoire, we work with around 5,000 participants from 26 farmer organizations to scale diversification projects ranging from on-farm to off-farm income-generating activities, such as micro-retail, crafting and poultry. In Ghana, we started a pilot this year supporting the formation of two farmer organizations that will have diversification support as part of their service delivery model. Other income sources supported to date are cashew, horticulture, poultry, maize, rice and agroforestry.

Average farming household income gap*

*based on KIT (2018) benchmarks



What's more...

From this year onwards, we are integrating the Farm Economic Model calculations with Cargill's digital tools, providing cross-analyses between income and other topics within the Cargill Cocoa Promise (see Consumer Confidence).



Community Wellbeing

Cargill Cocoa and Chocolate is creating stronger, more resilient cocoa farming communities by investing in the wellbeing and progress of farming families. Together with our partners, we are implementing community-driven initiatives to help prevent and remediate child labor, while enhancing women's economic opportunities, increasing access to education, and improving health and nutrition.

Progress at a glance

Scaling tailored community efforts in our supply chain

More Child Labor Monitoring & Remediation Systems (CLMRS) in place

38,588 farming households monitored through CLMRS.



2030 Target

One million community members benefiting from the services of the Cargill Cocoa Promise.

Approach:

Cargill is actively working to address child labor in the cocoa supply chain. By 2025 we will have introduced a monitoring and remediation system in the five countries where we directly source cocoa. Cargill takes a three-fold approach to tackling child labor: one that encompasses prevention, monitoring and remediation activities and allows us to leverage our scale and resources alongside the expertise of our partners and other industry players. To reach specific community needs with the Cargill Cocoa Promise, we work with various partners to implement concrete solutions related to healthcare and nutrition, education, addressing child labor, and improving access to economic opportunities for women and young farmers.

Key progress:

In 2020, we monitored 38,588 farming households through CLMRS. CLMRS was implemented in Indonesia together with Save the Children, reaching more than 1,100 farmers and training 78 local supply chain staff members, mostly online. We initiated more VSLAs and expanded WASH projects to help prevent the spread of COVID-19.

Learnings & next steps:

This year, most interventions continued online successfully. With our partners we could quickly respond, providing support and communications on protective measures against COVID-19 in communities. We plan to further scale these, including by setting up water stations in 10 communities in Ghana and boreholes in 15 more communities in Cameroon. In 2021, we plan to monitor more households in West Africa.

[Read more on our website](#)

More communities benefitting from community action plans

We expanded our Community Action Plans to Cameroon this year, and broadened their focus, with more attention to health and nutrition.

2018-2019
and
2019-2020
2,491
Participating
communities



2018-2019
219
Community
Action Plans

2019-2020
554
Community
Action Plans

Accelerating access to Water, Sanitation & Hygiene (WASH)

+46,200
of people benefiting
from improved WASH

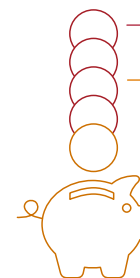
+31
boreholes giving
access to clean
& potable water

+25
water
committees
established



More communities benefitting from Village Savings and Loan Associations (VSLAs)

Together with CARE, we have supported 5,729 farmers through VSLAs to date, of which 4,098 are women.



2018-2019
3,534
farmers
supported
150
VSLAs

2019-2020
5,729
farmers
supported
240
VSLAs

☀️ Spotlight

Enabling women entrepreneurs to lead the change

In cocoa communities, women provide nearly half the labor on farms, yet income is not distributed equally, and women own less of the land and have much lower access to training, markets and finance. Empowering women is a key lever of change in cocoa communities and a crucial component of the Cargill Cocoa Promise. This is why we continue to expand and refine our efforts.

A pivotal role for women in cocoa communities

Empowering women not only improves their livelihoods, but it also has a significant positive impact on communities at large. Increasing women's contributions to the household income allows for more money to be spent on food and education, which are key factors in reducing the risk of child labor.

Taking a holistic approach to empowerment

Since 2012, the Cargill Cocoa Promise has been taking the lead on including and empowering women. To date, we have worked with 23,000 women cocoa farmers across all sourcing countries, where we develop specific gender approaches as part of our community action plans. Our approach is three-fold:

1. Driving awareness of gender equity in cocoa communities

Empowering women does not affect women alone. Around 170,000 farmers, both men and women, have taken part in gender sensitization training on the value of equality across all sourcing countries.

2. Empowering women as leaders, individually and within farmer groups

We provide business and productivity training specifically for women. 687 women participated in the Gender Component of the Coop Academy, an entrepreneurship training program targeted for women set up with Empow'Her and IFC.

3. Increasing women's access to finance and markets

With community-based savings and loan schemes, known as Village Savings and Loan Associations (VSLAs), groups of women can save money and take out loans to initiate and scale their income-generating activities. We also initiated cash transfers for VSLAs specifically catered for 200 women, with the organization 100Weeks and Unilever.



“Our women’s group established a vegetable farm. My favorite thing is to cultivate peppers, tomatoes and eggplants. I am a proud president of the group. I no longer depend only on cocoa income, which helps my household a lot. When I grew up, I worked on the farm and did not go to school. Giving my children the opportunity to go to school is very important to me.”

Mansa Yaa
Lead of the women’s group of Afofiekrom

Accelerating entrepreneurship beyond cocoa

A diverse income significantly increases the resilience of cocoa farming households against external risks such as climate change. This is why we launched a new project with Empow'Her and PUR Projet in Côte d'Ivoire designed to enable diversified incomes and climate smart entrepreneurship for women in cocoa communities. This initiative aims to launch and grow 20 women-led micro-enterprises with business support services and further engage 100 women to grow their capacity in agroforestry.

“This project is unique because it links the social and economic needs of women in cocoa communities with the protection of the environment. We hope to scale this in the future.”

Soazig Barhélemy
Founder & CEO Empow'Her



Protect Our Planet

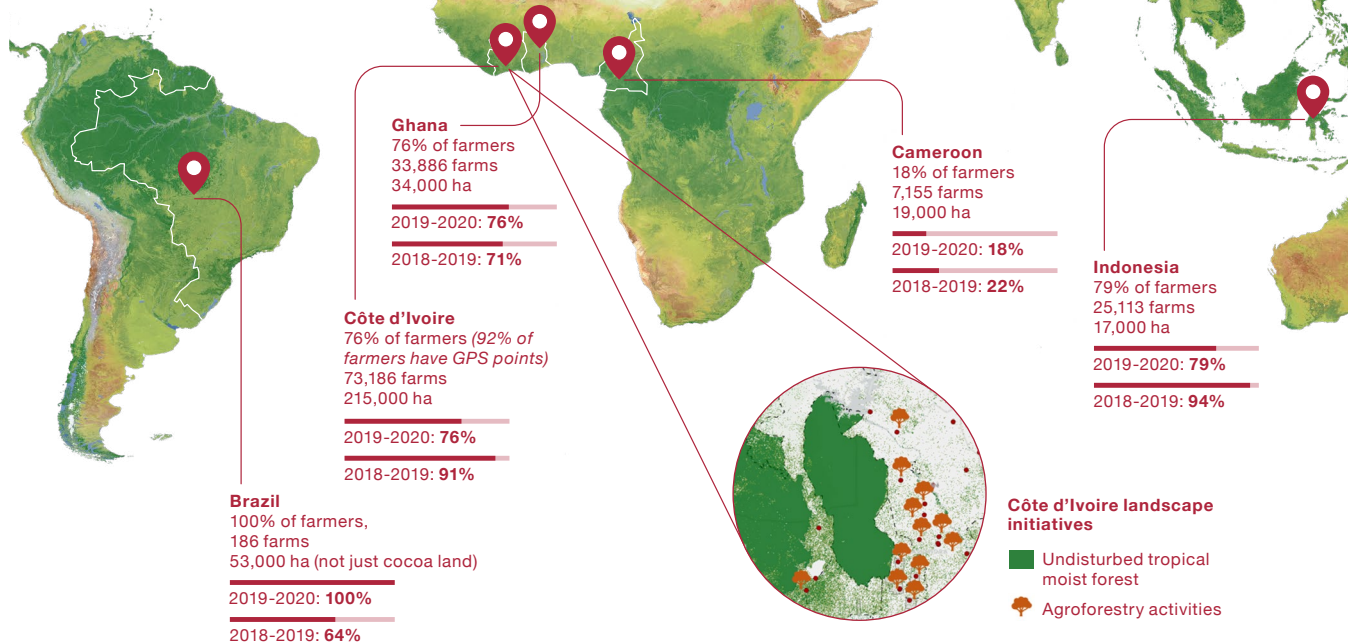
Cargill Cocoa and Chocolate is committed to transforming its supply chain to be deforestation-free. We help cocoa growers adopt sustainable farming practices and increase on-farm tree cover. This is how we build sustainable landscapes that balance cocoa production with the conservation of forests and how we contribute to easing the impact of climate change on cocoa farmers livelihoods.

Progress at a glance

Expanding mapping and restoration initiatives across cocoa landscapes

More mapping to protect our planet

64% of all farmers participating in the Cargill Cocoa Promise program are mapped (72% last year). GPS farm polygons are the standard for our reporting on mapping.



Please note: Figures may appear lower compared to last year. We have removed mapped plots associated with farmers that no longer supplied our sustainable beans in 2019-2020. Farm maps reported here may include geometry issues. We found that depending on the country 0-1.7% of polygons are duplicates and between 11.5%-22.5% overlap by at least 20% with one or more polygons. Solving the issues is amongst our key priorities in the upcoming years. Read more in [About this report](#).

More community and landscape-level restoration initiatives

+511,000

multi-purpose shade trees provided for on-farm planting in 2019-2020, reaching a total of

885,000 trees since 2017-2018.

+8,304

farmers supported to adopt agroforestry systems in 2019-2020, reaching over 16,500 farmers since 2017-2018. These projects are targeted based on jurisdictional and cooperative level nearby forest areas, as shown in the image above.

2030 Target
Zero deforestation in our cocoa supply chain.

Approach
Protect Our Planet is our strategic action plan that helps Cargill reach our goal of ending deforestation in the cocoa supply chain. It outlines concrete actions to achieve 100% cocoa bean traceability, to expand programs for growing more cocoa on less land, and to

support farmers to effectively include agroforestry and conservation practices on their farms. Find out more in our [Protect Our Planet Strategic Action plan](#).

Key progress
In 2019-2020, 64% of farmers in the Cargill Cocoa Promise were mapped. We moved our mapping data to FarmForce, which allowed us to better connect farms maps to active farmers administered in our systems.

Additionally, we expanded our collaboration with PUR Projet and Impactum in Côte d'Ivoire and with other agroforestry partners, such as Imafloa in Brazil. In total, we supported 8,304 new farmers with the implementation of agroforestry projects. Find our report on progress in alignment with the Cocoa & Forest Initiative [here](#).

Learnings & next steps
Tackling deforestation is complex. Lasting solutions to

tackle deforestation require long-term cooperation and collective efforts. In the year ahead, Cargill will continue to expand its ecosystem restoration efforts. Working with our customers, Cargill's Land Use and Forest Sustainability Advisory Panel and the industry at large is essential to connect the entire value chain and address deforestation.

[Read more on our website](#)

☀️ Spotlight

Making agroforestry a win-win solution for farmers and forests

Balancing the wellbeing of farmers with the conservation and restoration of forests is one of the most pressing challenges in the cocoa sector. Agroforestry, a farming approach in which cocoa is grown in harmony with other trees on the same land, could provide a solution to both. With the 1 for 20 Partnership and PUR Projet, Cargill has taken the industry's first steps in modeling different agroforestry scenarios to understand how this can support farmers to make a better living while helping protect our planet.

Forest conservation as the starting point

Agroforestry is not an alternative to the conservation of natural forests. The best forest-related strategy is to stop cutting trees down. Therefore, our priority is to ensure no forests are converted or degraded to produce cocoa. We geolocate farms in our supply chain by mapping their boundaries, and we create polygon maps. We overlay these maps with geospatial data from satellites, including from the World Resources Institute's public platform Global Forest Watch Pro and deforestation alerting tools developed by our partner Descartes Labs. This way, we can assess changes in land use and forest cover when they happen and respond with appropriate interventions. We mapped 64% of the farmers across the five countries from which we directly source our sustainable cocoa. While we have not mapped all farms yet, we already use sourcing jurisdictions or geolocated purchase points to identify deforestation-related risks.

Prioritized actions on farm and forest frontiers

Our mapping approach enables us to take supply chain-level and collective action with forest-related data in hand to prevent future conversion of primary and intact forests. All farmers in our direct supply chain are trained on environmentally sound farming. In high-priority areas, near natural forests, or in areas where forest changes have been projected, we work with partners on a multitude of agroforestry or reforestation initiatives at the landscape and community levels. We also engage in collaborative and pre-competitive initiatives at the landscape level, such as the [Asunafo-Asutifi Landscape](#) in Ghana and [Grand Mbam and Djoum-Mintom](#) in Cameroon.

Making agroforestry viable and scalable

Agroforestry not only enhances tree cover and carbon sequestration but also offers additional economic benefits for farmers, as different produce can be sold. The viability of these practices is landscape-specific: landscapes in West Africa differ

from those in Brazil. A viable business case for agroforestry depends on tenure, public policies and markets for agroforestry products. We therefore joined forces with the 1 for 20 Partnership and PUR Projet to analyze how agroforestry can strengthen household incomes in Côte d'Ivoire. The resulting [research](#) provides insights into successfully upscaling locally appropriate agroforestry models – for us and the industry at large – building on our Farm Economic Model. By combining data on household size, annual yields, price and input costs, income levels were projected for different agroforestry scenarios. The results have been promising, showing that adopting cocoa agroforestry in Côte d'Ivoire has the potential to increase farmers' household revenues from 9% to 50% on average over 30 years.



What's more...

Improving the business case for agroforestry links directly to our work on supporting farmers to strengthen diversification as a business case (see [Farmer Livelihoods](#)). We will further engage with our Land Use and Forest Sustainability Advisory Panel to expand our understanding and management of key topics such as [land-use change, deforestation and regeneration](#).



Consumer Confidence

We know we must earn the trust of everyone around the world who enjoys our delicious products. Cargill Cocoa and Chocolate uses cutting-edge technologies to create transparency on provenance, traceability and impact, and connect with our customers and their consumers to show how cocoa and chocolate produced sustainably really does make a difference.

Progress at a glance

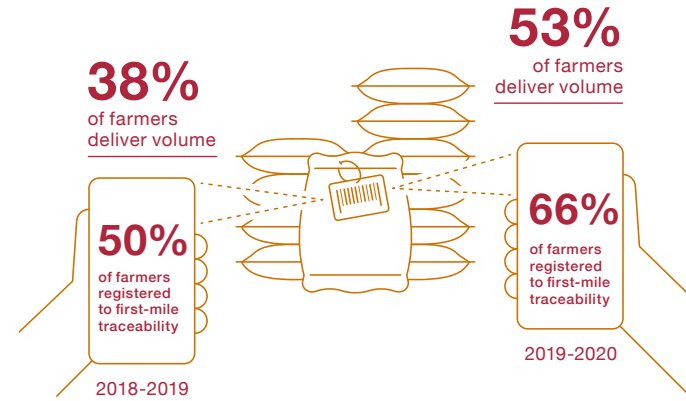
Expanding our digital traceability system from farm to factory

Administratively, our direct supply chain is 100% traceable, but our aim is to provide traceable insight up to farm level. At the same time, we are bringing first-mile traceability to scale.

Towards full first-mile, digital traceability of our direct cocoa supply chain

66% (2019-2020) of farmers are registered to first-mile traceability systems, 53% of farmers deliver volume through the first-mile traceability system.

These figures differ because farmers need time to adapt to digital tools and start tracking their volumes on these platforms.



Powering digital banking to ensure accurate and secure payments

Farmers paid by mobile banking (2019-2020):

- Côte d'Ivoire 20% registered, 9% paid
- Ghana 100% registered and paid
- Cameroon 20% registered, 4% paid

2018-2019
39,664
farmers registered in mobile banking systems (15% of total)



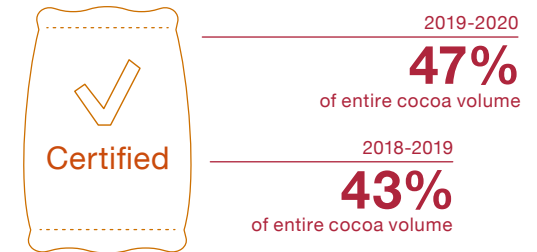
2019-2020
50,033
farmers registered in mobile banking system (29% of total)

2018-2019
31,199
farmers are paid premiums (15% of total)

2019-2020
32,790
farmers are paid premiums (18% of total)

Certified sustainable cocoa volumes

Sustainable cocoa comes from farmers who are verified as meeting certain standards in their on-farm operations. 47% of our entire cocoa volume sold in calendar year 2020 was certified sustainable by third parties such as Rainforest Alliance and Fairtrade. This is higher than in 2019 (43%). This covers both our direct and indirect supply chain.



2030 Target

100% farmer-to-plant traceability of our cocoa beans. 100% of chocolate ingredients sourced in line with our sustainability code of conduct.

Approach

We seek to provide clear, robust and transparent information, powered by technology, and to partner with third-party certifiers. This applies to both our direct supply chain, covered by the Cargill Cocoa Promise and accounting for about half of the cocoa we source, and our indirect supply chain.

Key progress

We expanded CocoaWise™, our digital suite of tools, to provide a more accurate reflection of the active farms in our sourcing network. 53% of farmers in our direct supply chain are delivering volume through the traceability system in Côte d'Ivoire, Ghana and Indonesia. In Cameroon, farmers are being registered, and the first seven cooperatives have started to deliver cocoa in the system. Additionally, we expanded the due diligence of suppliers in our indirect supply chain: 27 out of 36 our indirect suppliers are now covered (more in [Responsible business](#)).

Learnings & next steps

We plan to achieve 100% first-mile digital traceability in Côte d'Ivoire in 2021. Due to COVID-19, the inception of systems was delayed in Cameroon. However, we onboarded seven cooperatives to the system. We will finalize the third phase of supplier due diligence in 2021, reaching all cocoa suppliers.

[+ Read more on our website](#)

 Spotlight

A collaborative effort to make data work, from farmer to consumer

By knowing what happens at the source of the cocoa we buy, we advance sustainability together with our customers. For us, transparency and traceability across the cocoa supply chain needs to benefit farmers first. For this reason, we are expanding our ecosystem of farmer-centric digital tools from local to global.

Traceability starts with administratively recording buying locations or transactions so they can be traced back, which is the case for 100% of our direct supply chain. But for us, traceability needs start at the source, the so-called 'first mile' after the farm, to provide actual insights into the sustainability of cocoa.

Leading on traceability the digital way

We combine geotechnologies for mapping cocoa farms with digital management systems that barcode and track cocoa bags. More than half of the farmers in our supply chain deliver volumes that are traceable to the source. This means our customers and their consumers see exactly where their cocoa came from and under what circumstances it was produced.

Combining digital solutions from farm to factory

At Cargill we take a technology-driven approach. CocoaWise™ is our full suite of digital tools, which gathers transparent data to be handled and shared across the cocoa supply chain, from farmer to consumer. Some of these tools are:

- **eFinance:** Mobile money solutions that enable farmers to get paid fairly, accurately and securely
- **BeanTracker:** A tool that tracks beans physically, through cocoa bag barcodes
- **ProFarm:** A support tool for farmers to make informed decisions based on agronomy, weather and market information
- **ProCoop:** Professionalization tools for farmer organizations, through which trading and handling of cocoa are managed
- **Insight:** A tool for tracking and monitoring progress on different cocoa sustainability goals, from farm to factory

What's more...

Safeguarding the responsible use of data, putting farmers at the center and leveraging them as owners, are key actions to achieve actual livelihood improvements with data. Therefore, we set up digital ecosystems locally, putting them in the hands of farmer organizations and farmers. We also support producing governments' development of tools, and we advocate for a more common definition of traceability and more open source and precompetitive sharing of data in the sector. (see [Transformation, Together](#))

Insights from these tools are integrated into CocoaWise™ for fast and accurate reporting, with automated data quality checks. From CocoaWise™, tailored insights are shared with customers so they can track the sustainability performance in their supply chain.

Integrating data across the cocoa chain

There are many tools that bring transparency to the cocoa supply chain, but it is the people who make it work. Here's how the data travels:





Transformation, Together

The journey towards sector-wide sustainability is far greater than the actions or interests of any one company. We all have a role to play. Cargill works closely with farmer organizations as well as peers, customers, NGOs, governments and smallholders, connecting our individual strengths in delivering systemic change and a thriving cocoa sector for generations to come.

Progress at a glance

Expanding our reach with dedicated partnerships

IDH, The Sustainable Trade Initiative

“Making living income a reality for cocoa farming households must involve a range of actors, including frontline companies like Cargill. IDH’s collaboration with Cargill over the past year has been essential to better understand opportunities for companies to leverage the right mix of interventions to contribute to driving farmer incomes.”

Jonas Mvamva
Cocoa Program
Director



Living income Community of Practice

“To effectively confront the massive challenge of farmer poverty in the cocoa sector, we need champions like Cargill to demonstrate long-term commitment to farming communities and to engage in the tough dialogues of how agriculture and trade can be done in a way that enables farmers to make a living income and prosper. We appreciate Cargill’s ongoing commitment to this shared vision.”

Stephanie Daniels
Sr. Program Director



USCRG farmer organization Côte d’Ivoire

“Our partnership with Cargill has contributed to our cooperative in various ways. Thanks to Coop Academy, we are better structured, and training and one-on-one coaching have enhanced the quality of cocoa. We are in direct contact with a bank to access finance and the chocolate company that uses our cocoa. We are widely known now, and the national radio station even made a visit.”

Mr. Yao Bertrand
Farmer organization
lead



IMAFLORA

“The value of our partnership is related to IMAFLORA’s increased capacity to engage and support cocoa producers and to increase the environmental suitability and restoration of degraded areas in the Brazilian Amazon. Because the project is directly linked to the cocoa supply chain, it is also generating additional value for local suppliers.”

Eduardo Trevisan
Gonçalves
Senior Project
Manager



Supporting farmer organizations

+€1.5 million

secured in loans by farmer organizations participating in Doni Doni (€ 9 million in total)

- financing **+66** trucks (327 trucks in total)



New partnerships with sector partners

+3 new partnerships with 100Weeks, FarmGrow and USAID

In total we work in **38** partnerships:

- 15 NGO’s, 5 producing governments, 7 multi-stakeholder initiatives, 6 social enterprises, 3 knowledge institutes, 2 technology providers and 4 financial institutions.

2030 Target

To use the power of partnerships to achieve our targets for our other goals and to accelerate sector transformation in a way that we cannot achieve by ourselves.

Approach

Farmers and farmer organizations are our key partners in ensuring a sustainable supply of cocoa well into the future. Our success is linked to theirs. In order to create a more sustainable cocoa supply chain globally, we work with a multitude of stakeholders across the industry, using individual strengths and abilities for lasting and transformational change.

Key progress

The farmer organizations we work with are increasingly empowered as community-centric development actors, for the benefit of cocoa communities and farmers. Farmer organizations are increasingly steering community initiatives. In 2020, for example, we supported a pilot with Unilever and RVO on a farmer organization led approach to CLRMS. We are an active member of the European Cocoa Association and the World Cocoa Foundation and participate in multi-stakeholder partnerships such as the Living Income Community of Practice, and the Cocoa & Forest Initiative, to advocate for systemic change. This year we also joined the Alliance

for eTrade Development initiated by USAID to scale digital tools in Brazil, Indonesia and Cameroon. We celebrated a decade of action with CARE this year; read the report [here](#).

Learnings & next steps

Working together with local governments, for example on the use and sharing of data, has been key to our success. Next, we plan to collaborate more on the carbon impact of cocoa beyond the farm, such as through transport. This will be piloted in Indonesia in the 2020-2021 crop year.

[+ Read more on our website](#)

☀ Spotlight

Driving cocoa digitization with USAID in Cameroon, Brazil and Indonesia

Digitizing the cocoa supply chain provides opportunities for farmers. Their farming practices become more transparent, connected and scalable. With our aim to further advance digital trade for small and mid-size enterprises in cocoa, we joined the Alliance for eTrade Development between USAID and 11 leading private sector partners.

Digitization as driver of positive impact

The integration of digital farm applications and cooperative management systems for cocoa farmers lies at the heart of the Cargill Cocoa Promise. This enables farmers to trace, manage and improve their cocoa business with their own data in hand. Digital tools help farmers professionalize and manage their operations and enable them to improve the efficiency of transactions and cash flow. In our direct supply chain in Ghana, Côte d'Ivoire and Indonesia, around 90,000 farmers are already delivering volume through first-mile traceability systems.

Kick-starting technologies in new countries

After gaining four years of experience with the integration of the CocoaWise™ digital suite of tools, we are now working with local partners to bring this to more farmers. Becoming part of the eTrade Alliance is helping us scale CocoaWise™ ProCoop, a set of tools that support farmer cooperatives in selling and managing cocoa, in Cameroon, Brazil and Indonesia.

In Cameroon, together with Farmforce, we are expanding CocoaWise™ ProCoop. 4,800 cocoa farmers and 10 farmer organizations will be onboarded to the system. We also aim to provide 8,000 farmers with digital premium payments for their cocoa.

In Brazil, the tools are tailored with localized functionalities to make them more accessible to Brazilian farmers. Farmers will be onboarded on the app, giving them direct access to market information, farming best practices, and data to better manage their farms. This will be rolled out to at least 150 farms in Brazil.

In Indonesia, we set up a similar system with Indonesian tech startup Koltiva. Since 2017, this has reached 28,187 farmers.

“USAID has appreciated the participation of Cargill in the eTrade Alliance as an important partner. Cargill’s work on supply chain sustainability and its focus on traceability, data management systems and market access show the way forward to improve the livelihoods of farmers around the world.”

Paul Fekete
Senior International Trade Advisor USAID

In Indonesia, we aim to onboard 6,000 additional farmers to a new farmer-facing app called FarmCloud; 2,210 farmers have already been onboarded this year. This new functionality connects farmers to suppliers, provides insights into farm practices, and allows for technical and agronomical assistance. Also, a greenhouse gas emissions measurement functionality will be added, tracking emissions from farm to warehouse. This will be the first tool of its sort, measuring the carbon footprint of cocoa based on fertilizer use, rate of tree planting and local transport.



What's more...

Supporting farmers in using digital systems is crucial to ensure they maximize the benefits from the insights and connections provided by technology. As farmers still prefer personal contact over technology, a tailored training and coaching element plays a key role, linking to our [Farmer Livelihoods Goal](#).



Responsible Business

Our business has a global reach, covering the entire cocoa and chocolate ingredients supply chain – from the sourcing of cocoa beans in origin countries, through to processing cocoa and other raw materials in our facilities, packaging them, and transporting them to our customers. We aim to carry out all these operations in a safe, responsible and sustainable way that delivers business value and mitigates our impact on the world around us.

Operating in a safe, responsible and sustainable way

Throughout our operations and supply chain, teams are always looking to increase efficiency, maximize safety and minimize our environmental footprint.

Reducing emissions

Cargill is committed to reducing greenhouse gas (GHG) emissions. Our ambition is to reduce our absolute emissions in our operations by a minimum of 10% by 2025, against a 2017 baseline. Our Scope 1, 2 and 3 goals are approved by the Science Based Targets Initiative (SBTi), the globally accepted standard for ensuring greenhouse (GHG) reduction goals are aligned with the Paris Climate Agreement of limiting global warming to below 2 degrees Celsius.

In fiscal year 2019-2020, the Scope 1 and 2 emissions at Cargill Cocoa and Chocolate increased to 255,427 metric tons, up 2.4% compared to 2017. Important reduction innovations are in place or planned to reduce this. We run a fully automated solar power facility in Tema, Ghana, which has boosted Ghana's renewable energy portfolio by producing 764MWh of electricity annually. Other recent projects include the installation of LED lighting, an energy-efficient grinding facility and a biomass boiler. These projects have resulted in a 32% decrease in energy consumption and a 71% reduction of CO₂ emissions. By April 2021, our facility in Porto Ferreira, Brazil will be 100% powered by renewable energy. In Illheus, Brazil a wind farm is under construction and we plan to have 100% wind power in place in 2022.

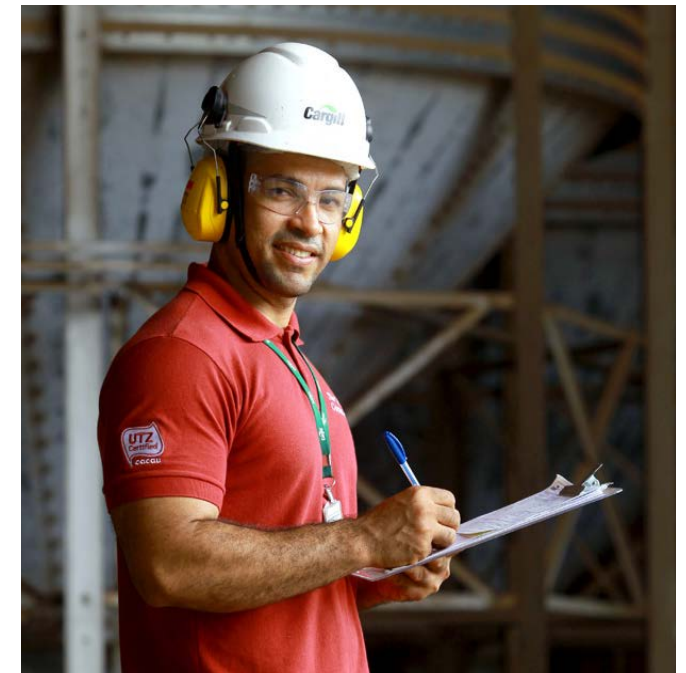
Cargill also focuses on reducing Scope 3 GHG emissions in our global supply chain by 30% per ton of product by 2030, against a 2017 baseline. As part of the Cargill Cocoa Promise, we are calculating the GHG footprints of our products. By making these insights available, we help ourselves and our customers make informed decisions to reduce emissions in the supply chain. The first results of this project are expected in the summer of 2021.

In 2020, we announced our new water strategy, which prioritizes action based on the specific water challenges faced by the local community and watershed. Our global ambition is to achieve sustainable water management in our operations and all priority watersheds by 2030. This includes our efforts on providing access to clean drinking water, advancing water stewardship at Cargill facilities, and driving further industry-wide change as a founding member of the [Water Resilience Coalition](#).

Relentless focus on protecting people

Safety is of the greatest importance to Cargill: for our employees, those who consume our products, and the communities where we live and work. Producing the safest food possible is absolutely critical to the ongoing success of our business. We monitor our facilities continuously, and we act swiftly to address any food safety issues within our supply chain. Food safety is a top priority at Cargill. All global facilities comply with the same high corporate standards for food safety and quality. Cargill Cocoa and Chocolate has a Global Contaminant Monitoring program in place, through which we are proactively addressing contaminants.

Because of our commitment to health and safety, we have been able to steadily remove risks at the workplace, reducing injury rates by 88% over the past 30 years. In Cocoa and Chocolate facilities, the Recordable Injury Frequency Rate, which measures total recordable injuries per 200,000 hours worked, was 0.86 in fiscal year 2019-2020.



As the COVID-19 pandemic emerged, Cargill adopted response plans to quickly deploy robust safety protocols worldwide. In Côte d'Ivoire and Ghana, we are delivering information on COVID-19 to cocoa farmers through a mobile app. We are also distributing soap, hand towels and hygiene kits to thousands of cocoa farmers. At our Gresik cocoa facility in Indonesia, we piloted a new contact-tracking device. Wearable as a lanyard, the device helps to ensure that safe distancing is maintained on site. We plan to rollout the use of such contact-tracing technology across all our locations in Indonesia. In Illheus, Brazil, a mobile app tracks contact between people and therefore their risk of contracting COVID-19. This enables us to respond quickly in case someone may be infected. In addition, Cargill launched a US\$15 million employee disaster relief fund to help meet the immediate needs of all Cargill's employees during the pandemic.

Promoting equity and inclusion

Cargill is committed to treating people with dignity and respect, both in the workplace and in the communities in which we work. Our commitment to respect all people and embrace our differences is clearly stated in Cargill's Guiding Principles and deeply embedded in our culture and way of doing business. In 2017, we became one of the 27 founding signatories of Paradigm for Parity, pledging to achieve gender parity in management by 2030. Within Cargill, we focus on creating an inclusive culture by removing any bias from hiring processes and talent selection. We joined CEO Action for Diversity & Inclusion, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. The organization does this through inclusive facilities, unconscious bias training, employee assistance and psychological safety programs, among other things. To further advance equity and inclusion around the world, Cargill supports education, business development and training to advance women and ethnic minority-owned enterprises.

In 2020, racial injustice in our society became more apparent than ever. There should be no doubt about this: we believe equal rights and human dignity are absolute. Our leaders and employees will continue to use our voices and our actions to fight for those rights, alongside our customers and communities. Cargill therefore joined forces with more than 30 leading companies in OneTen to leverage our collective strength to address one of the root causes of the racial divide in the U.S. – economic opportunity. The coalition aims to hire one million Black Americans over the next ten years into well-paid jobs with opportunities for advancement.

High ethical standards for all we do

Our Code of Conduct and corresponding corporate Supplier Code of Conduct outline standards for conducting business around the world. We require all employees to follow the Code and require our suppliers to do the same. They are based on our company's seven Guiding Principles. We take guidance from the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. These frameworks are used in our due diligence approach, visualized on this page, which we have set up in line with the OECD MNE Guidelines to engage suppliers in our indirect supply chain. 53% of indirect cocoa suppliers are now covered by this approach. In addition, we have risk mapping in place for other chocolate ingredients, on which we base additional actions. For some ingredients, such as palm oil, we build on Cargill-wide policies, and for others, such as vanilla, we will engage more with suppliers.

To improve overall transparency on social compliance, Cargill is a member of the Supplier Ethical Data Exchange (SEDEX), which allows our customers access to detailed assessments of our facilities. In addition, we have established a transparent and predictable process for dealing with grievances. Any grievance, complaint or concern can be submitted anonymously online or by phone via Cargill's secure Ethics Open Line, which is operated by an independent third-party and is available 24 hours a day, seven days a week.

Cargill Cocoa and Chocolate supply chain due diligence approach



Enriching communities

Cargill invests in local communities through economic development, partnerships and giving, combined with the volunteer efforts of our employees. Cargill provides corporate support to selected national and global nonprofit and non-governmental organizations (NGOs) that serve communities in which we have a business presence. We support partners working within our focus areas of food security, nutrition, and sustainability. Our businesses and facilities sponsor employee-led groups, called Cargill Cares Councils, support civic and non-profit organizations in their local communities. Last year, Cargill provided US\$115 million in charitable contributions across 56 countries to support our communities. In 2020, Cargill's CEO Dave MacLennan was recognized by CARE for his efforts on fighting poverty, improving lives and championing social justice with the Impact Award for Global Leadership.

About Cargill

Our purpose is to nourish the world in a safe, responsible and sustainable way.

We are
155K
employees

Working in
70
countries

With more than
155
years of experience

Delivering for customers in more than
125
countries

We aim to be the most trusted partner for food, agriculture, financial and industrial customers.

Our business

Every day, we connect farmers with markets, customers with ingredients, and people and animals with the food they need to thrive.

We provide insights to our partners



We transform raw materials into finished goods



We move products around the world



For farmers

We supply feeds, other inputs and expertise to farmers, and buy crops and livestock from them



For customers

We deliver finished goods to customers in the foodservice, retail, consumer packaged goods and industrial sectors



How we work

Our integrated operating approach enables our businesses to provide industry-leading products and services in their specific sectors while also drawing on the full world of Cargill's expertise. We deliver this expertise locally, quickly and reliably through world-class capabilities and operations everywhere we do business. Our global functions equip our businesses to do this effectively and efficiently by providing process governance and deep subject matter expertise on issues that affect us, our customers and other partners.

Cargill's Executive Team is responsible for the company's strategic direction, talent development and overall financial performance. Led by Board Chair and CEO Dave MacLennan, members of the Executive Team represent all of Cargill's enterprises, as well as major global functions. They use a diverse set of experiences from both inside and outside of the company to lead and achieve results.

Our Guiding Principles

Doing business ethically is key to our long-term strategy and relationships. Our seven Guiding Principles make up the core of our Code of Conduct. We require all employees and contractors to follow them, and expect our suppliers to do the same.

1. We obey the law.
2. We conduct our business with integrity.
3. We keep accurate and honest records.
4. We honor our business obligations.
5. We treat people with dignity and respect.
6. We protect Cargill's information, assets and interests.
7. We are committed to being a responsible global citizen.

Our approach to sustainability and corporate responsibility

Our purpose is to nourish the world in a safe, responsible and sustainable way. It's who we are. It's why we exist. As the world faces extraordinary challenges – from climate change to food insecurity – delivering on our purpose is more critical than ever before.

Our global Sustainability strategy sets clear priorities based on the most material issues to our business. We identified Climate, Land & Water and People by evaluating the environmental, social and economic impacts of our diverse business and supply chains. As

we drive progress against these areas, we'll do so by engaging, empowering and advancing sustainable practices across farm and field, because we believe agriculture is how we'll deliver.

Agriculture is how we help people and the planet *thrive*.

As the world joins in advancing the U.N. Sustainable Development Goals, we believe that many of the solutions to the challenges we're facing can be found in the very place our

food system begins: Agriculture. Agriculture can be a force for good. We aim to empower farmers and workers, support local communities, promote safe and fair working conditions and help ensure food is nutritious and plentiful for all. We're also driving progress on priorities that safeguard our planet and ensure we're operating our business in a sustainable way. Through our work with key partners, collaborative initiatives with our customers and through constantly innovating the products

and services that we offer, we are committed to creating impactful change that leverages our scale of operations and reach.

By empowering farming communities, protecting land and regenerating our soils, we'll nourish this growing population – safely, responsibly and sustainably.



About Cocoa and Chocolate

Cargill provides high-quality cocoa and chocolate more sustainably throughout the world and brings our customers peace of mind, integrity and excitement.

With balanced efforts on security of supply, sustainability projects and sensory expertise, we create a wide range of outstanding standardized and custom-made products and services. In addition, we provide our customers with extensive market knowledge. We grow a robust, fair and transparent supply chain, from bean to bar, and we are eager to continuously shape industry standards.

To help ensure a more sustainable supply of quality cocoa beans, Cargill established our own sourcing and trading operations at origin in Brazil, Cameroon, Côte d'Ivoire, Ghana and Indonesia. Our Cargill Cocoa Promise underlines our commitment to enable farmers and their communities to achieve better incomes and living standards. Our team of 4,100 passionate cocoa and chocolate experts work across 57 locations and are among our 155,000 colleagues around the world.

Our Glossary

CFI: Cocoa & Forests Initiative is an active commitment of top cocoa-producing countries and leading chocolate and cocoa companies to end deforestation and restore forest areas, through no further conversion of any forest land for cocoa production.

CLMRS: Child Labor Monitoring and Remediation Systems are the leading methods of detection and remediation of child labor among children aged 5-17. They were developed by the International Cocoa Initiative (ICI).

CMS: Cooperative Management System is a digital system that enables traceability of the supply chain and provides a full interface between the farmer and the buyer. It enables farmers to manage loans, stalks, collect beans and check fixed versus variable costs.

ECA: European Cocoa Association is a trade association that groups European companies involved in the cocoa bean trade and processing.

FEM: Farm Economic Model predicts the incomes of farmers involved with the Cargill Cocoa Promise based on various input data, such as farm size, yield and costs of inputs.

GAP: Good Agricultural Practices is a certification system for agriculture, specifying procedures that should be implemented to create food for consumers or further processing that is safe and wholesome, using sustainable methods.

ICI: International Cocoa Initiative promotes child protection in cocoa-growing communities, working to ensure a better future for children and their families.

IDH: Sustainable Trade Initiative brings governments, companies and financiers together in action driven coalitions to create solutions for global sustainability issues at scale.

IFC: International Finance Corporation is the largest global development institution focused on the private sector in developing countries.

KIT: Royal Tropical Institute is an independent center of expertise, education, intercultural cooperation and hospitality dedicated to sustainable development.

LiCoP: Living Income Community of Practice is an alliance of partners dedicated to the vision of thriving, economically stable, rural communities linked to global food and agricultural supply chains.

M&E: Monitoring & Evaluation is used to assess the performance of projects, institutions and programs.

VSLA: Village Savings and Loan Association offers a model that provides simple savings and loan facilities in communities that do not have easy access to formal financial services, allowing whole communities to save and invest in income-generating activities.

VTET: Vocational, technical education & training

WASH: Water, Sanitation & Health Care

WCF: World Cocoa Foundation is a non-profit international membership organization whose vision is a sustainable and thriving cocoa sector – where farmers prosper, cocoa-growing communities are empowered, human rights are respected, and the environment is conserved.

WRI: World Resources Institute is a global research organization turning big ideas into action at the nexus of environment, economic opportunity and human wellbeing.

About this report

This is the **Cargill 2020 Sustainability Progress Report**. Throughout the report, '2020' is written to enhance readability. Unless stated otherwise, it covers the crop year, which runs from October 2019 until the end of September 2020. Our fiscal year runs from June 2019 until the end of May 2020. Our sustainability report is published annually. The 2018-2019 report was published on May 19, 2020.

This report has been prepared based on internal reporting criteria and in accordance with the GRI Standards: Core option. To help you find specific content in our report, you can find the GRI Content Index on our website. In 2017, we introduced our five sustainability goals, which serve as the structure for this report in alignment with our Theory of Change. In 2018, we created a new overview of datapoints, mapped to the five sustainability goals. As of the 2019-2020 reporting cycle,

we appointed an external assurance provider, KPMG, to provide limited assurance on the selected sustainability KPIs in the table below. KPMG's assurance report can be found on page 32. For some topics, we redefine the datapoints, and as more data comes in, we improve the consistency and accuracy of data, for example by eliminating inactive farms. If KPIs are redefined year to year, this is explained in accompanying text in our report. The assured datapoints in the report are:

Sustainability Goals	Assured KPIs	Definition	Scope of Assurance		
			Côte d'Ivoire	Ghana	Cameroon
FARMER LIVELIHOODS	1. # and % of farmers coached	The number and percentage of farmers that received one-on-one coaching on Good Agricultural Practices.	42,182 48%	8,466 36%	9,819 27%
	2. # and % of farmers Good Agricultural Practice (GAP) compliant	The number and percentage of farmers that are successfully implementing the Pruning GAP, as well as 3 out of the other 4 GAPs.	11,864 29%	4,753 56%	3,056 32%
COMMUNITY WELLBEING	3. # of farming households monitored through CLMRS	The number of households that received a CLMRS monitoring visit.	25,758	7,911	3,881
PROTECT OUR PLANET*	4. # of farms GPS/polygon mapped # of plots with duplicate polygons and # plots with >20% overlap	The number of plots that have been GPS/polygon mapped. <i>The number and percentage of plots with duplicate polygons.</i> <i>The number and percentage of plots with more than 20% overlap.</i>	73,186 146 (0.2%) 16,467 (22.5%)	33,886 576 (1.7%) 3,897 (11.5%)	7,155 0 (0%) 1,531 (21.4%)
	5. # and % of farmers GPS/polygon mapped	The number and percentage of certified farmers that have had at least one of their plots GPS/polygon mapped.	66,494 76%	17,671 76%	6,715 18%
CONSUMER CONFIDENCE	6. # and % of farmers delivering volume through first-mile traceability system	The number and percentage of farmers who have delivered cocoa beans through either Cooperative Management Systems or digital first-mile traceability.	53,267 61%	23,266 100%	<i>Not in scope</i>
	7. % of sustainable volume in first-mile traceability	The percentage of UTZ, Fairtrade or Rainforest Alliance beans that was delivered through digital traceability solutions, such as the Cooperative Management System in Côte d'Ivoire and the barcode system in Ghana to trace cocoa from the farm level to the first purchase point.	47%	100%	<i>Not in scope</i>
	8. % of sustainable cocoa volume sold	The percentage of cocoa in bean equivalent sold as UTZ, Fairtrade, Rainforest Alliance, or under customer own programs.	47%		

For KPIs 1 through 7, the timeframe for the assurance of is Crop Year 2019-2020. These KPIs refer to our direct supply chain. For KPI 8, the timeframe is Calendar Year 2020 and it covers our entire supply chain (direct and indirect).
* A part of the plots from which cocoa was sourced in 2019-2020 have been GPS/polygon mapped after the end of the crop year. Due to technical reasons it was not possible to exclude these plots from this cumulative reported number.

In early 2021, we conducted a thorough materiality analysis to provide input for our sustainability strategy review process and this report. The tables below list our material topics, as well as our key stakeholders, how we consulted them and the main topics they raised. We mapped the internal and external topics to determine our most material topics in different categories.

Should you have any questions or comments about this report or our sustainability strategy, please contact us at cargill_chocolate@cargill.com.



Materiality	Impact topics					Enabling topics	
	Social	Economic	Environmental	Consumer food safety & nutrition	Technology & marketplace	Political & Governance	
Very high	<ul style="list-style-type: none"> Human rights in our operations Child labor 	<ul style="list-style-type: none"> Living income Farmers' access to markets 	<ul style="list-style-type: none"> Land use, deforestation and forest degradation and restoration 		<ul style="list-style-type: none"> First-mile traceability of beans Supply chain transparency & impact reporting 		
High	<ul style="list-style-type: none"> Forced labor Women's empowerment Diversity & inclusion of employees Health & Safety in our operations Learning & Development of employees Education & Youth employability Water, sanitation and hygiene & healthcare access Food security and access to nutrition 	<ul style="list-style-type: none"> Living income, price of cocoa paid to farmers & income diversification Capacity & profitability of farmers Financial access 	<ul style="list-style-type: none"> Climate change and changing weather events Climate change adaptation Water management Waste management 	<ul style="list-style-type: none"> Undesired substances 	<ul style="list-style-type: none"> Physical traceability of products 	<ul style="list-style-type: none"> Supply chain due diligence regulation Sustainability criteria EU and member states Bribery and corruption 	

Stakeholder	Consultation mechanism	Key topics
Employees	Online survey, consultation with Cargill Young Professional Network	Farmer livelihoods, deforestation, child labor, traceability
Customers	Ongoing meetings, analysis of their materiality matrices, structural feedback cycles	Farmer livelihoods, deforestation, child labor, traceability, financial transparency
NGOs	Analysis and active monitoring of campaigns and rating reports, dialogue on our materiality analysis with selected NGOs	Farmer livelihoods, deforestation, child labor, living income
Knowledge institutes	Partnerships, data sharing and modelling	Farmer livelihoods
Policy makers	Engagement through government relations and trade associations	Responsible business conduct, due diligence
Suppliers	Research and engagement of trade associations, studies and surveys	Deforestation, supplier due diligence



Assurance report of the independent auditor

To: the Executive Team of Cargill B.V.

Our conclusion

We have reviewed the data and the accompanying disclosures for the following 'sustainability indicators' in the Cocoa and Chocolate Sustainability Progress Report 2020 (hereafter: 'the Report') of Cargill B.V. (hereafter: Cargill) at Schiphol, The Netherlands, for the year ended 31 December 2020.

Farmer Livelihoods:

- # and % of farmers coached (WAF – Côte d'Ivoire, Ghana and Cameroon)
- # and % of farmers GAP compliant (WAF – Côte d'Ivoire, Ghana and Cameroon)

Community Wellbeing:

- # of farming households monitored through CLMRS (WAF – Côte d'Ivoire, Ghana and Cameroon)

Consumer Confidence:

- # and % of farmers delivering volume through 1st mile traceability system (Côte d'Ivoire and Ghana)
- % of sustainable volume in 1st mile traceability (Côte d'Ivoire and Ghana)
- % of sustainable cocoa volume sold (globally)

Protect our Planet:

- # of farms GPS/polygon mapped (WAF – Côte d'Ivoire, Ghana and Cameroon)
- % of farmers GPS/polygon mapped (WAF – Côte d'Ivoire, Ghana and Cameroon)

The data for the indicators included in the scope of our engagement are summarized on page 30 of the Report.

A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the sustainability indicators are not prepared, in all material respects, in accordance with the reporting criteria as described in the 'Reporting criteria' section of our report.

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Basis for our conclusion

We performed our review in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of Cargill in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics). We believe the assurance we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting Criteria

The sustainability indicators needs to be read and understood together with the reporting criteria. Cargill is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability indicators are the applied internally developed reporting criteria as disclosed in the section 'About this report' on page 30 of the Report.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability indicators. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and Cargill.

Limitations to the scope of our review

The sustainability indicators includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherently the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability indicators.

References to external sources or websites relating to the sustainability indicators are not part of the sustainability indicators itself as reviewed by us. Therefore, we do not provide assurance on this information.



The Executive Team Responsibilities

The Executive Team of Cargill is responsible for the preparation of the sustainability indicators in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report, including the identification of stakeholders and the definition of material matters. The choices made by the Executive Team regarding the scope of the Cocoa and Chocolate Sustainability Progress Report 2020 and the reporting policy are summarized on pages 30 - 31 of the Report.

Furthermore, the Executive Team is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability indicators is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability indicators;
- Obtaining an understanding of the reporting processes for the sustainability indicators, including obtaining a general understanding of internal control relevant to our review but not for the purpose of expressing a conclusion on the effectiveness of Cargill's internal control;
- Identifying areas of the sustainability indicators where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, amongst others:



- Interviewing management and relevant staff at corporate level responsible for the strategy, policy and results;
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data in the sustainability indicators;
 - Determining the nature and extent of the review procedures for reporting countries. For this, the nature, extent and/or risk profile of these reporting countries are decisive. Based thereon we selected countries to visit. The virtual visits to 2 countries Ghana and Côte d'Ivoire are aimed at, on a local level, validating source and registration data by evaluating the design and implementation of internal controls and validation procedures;
 - Obtaining assurance information that the sustainability indicators reconciles with underlying records of Cargill;
 - Reviewing, on a limited test basis, relevant internal and external documentation;
 - Performing an analytical review of the data and trends.
- Evaluating the consistency of the sustainability indicators with the information in the report which is not included in the scope of our review;
 - Evaluating the presentation, structure and content of the sustainability indicators;
 - Considering whether the sustainability indicators as a whole, including the disclosures, reflects the purpose of the reporting criteria used.
- We have communicated with the Executive Team of Cargill regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 17 December 2021

KPMG Accountants N.V.

D.A.C.A.J. Landesz Campen RA

Partner



thrive



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