

CULTIVATE
BETTER COCOA
PROGRESS
REPORT

2021





A NOTE FROM GARY GUITTARD

In 2019, we launched Cultivate Better™ Cocoa—a flagship sustainability program designed in collaboration with cocoa farmers, cocoa-growing communities, and our on-the-ground partners. The program was created in response to requests from customers interested in traceable impact to the farm level. While our commitment to flavor-driven impact continues, Cultivate Better Cocoa has given us a platform from which we can lean into a systems approach across three pillars – Prospering Farmers, Thriving Communities, and Environmental Preservation and across three strategic origins – Cote d’Ivoire, Ghana, and Ecuador.

This first Cultivate Better Cocoa Annual Report covers the 2019-2020 crop year, during which much of the building blocks for the program were executed in an unprecedented year where the world was shocked into doing business differently than we ever imagined.

With lockdowns, our inability to travel, restrictions on movement between the interiors of cocoa-growing areas and

limitations on farmer gatherings for training, we are incredibly grateful to our implementing partners, cooperatives and farmers for doing all that they did - safely. And, we are grateful to our Cultivate Better Cocoa customers that make this work possible.

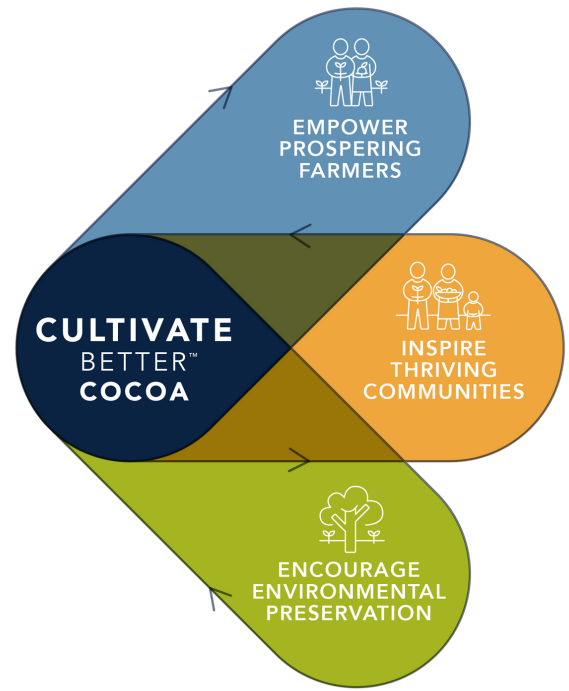
Through these efforts, collectively, we are making a difference for cocoa farmers, their families, communities and the environment.

Amidst these unforeseen challenges, we are proud of the work that we’ve accomplished and, like always, recognize that there are more opportunities to continue to cultivate betterness in all that we do.

We are encouraged and excited by the progress we are making and look forward to growing this program together.

DRIVING POSITIVE IMPACT THROUGH SUPPLY CHAIN INNOVATION

Establishing long-term relationships, building trust, and developing mutual goals are the foundations for our work. As we build those relationships and these programs together with our implementing partners and cooperatives, we learn what works so that we can continually adapt and innovate. Cultivate Better Cocoa launched in 2019; this report covers activities during the 2019/2020 crop year (October 1, 2019 - September 30, 2020) in which we worked to co-design innovative, impactful programs with on-the-ground partners and farmer groups that Empower Prospering Farmers, inspire Thriving Communities and Encourage Environmental Preservation in three strategic origins: Ivory Coast, Ghana, and Ecuador. Below is a summary of those activities:



CREATING VALUE THROUGH FLAVOR QUALITY

With cocoa as the primary income source for cocoa farmers, supporting investments in quality supports consistent, long-term buying relationships that drive this work and in turn contribute to consistent premiums and farmer incomes.

Across all origins, we take a teach by tasting approach; this hands-on learning creates a greater awareness that can be adopted throughout the entire cocoa value chain. These quality trainings are designed to teach best harvest and post-harvest practices. It is through these practices that farmers can generate premium prices for high quality cocoa. Training farmers on pruning, shade management, soil health, diversification and farm management are critical to improving yields and farmer incomes.

Farm mapping informs training and farm development plans as a way to improve farmer incomes, as well as support traceability, data collection and overarching sustainability goals

UPLIFTING COMMUNITIES THROUGH INNOVATION & EDUCATION

Cultivate Better Cocoa's community work focuses on gender equity through the development of secondary income streams such as women-run community greenhouse – vegetable gardens that provide much needed family income as well as food staples. Community work extends to health and nutrition programming where cooking classes are organized to improve family nutrition as well as support community health and school attendance.

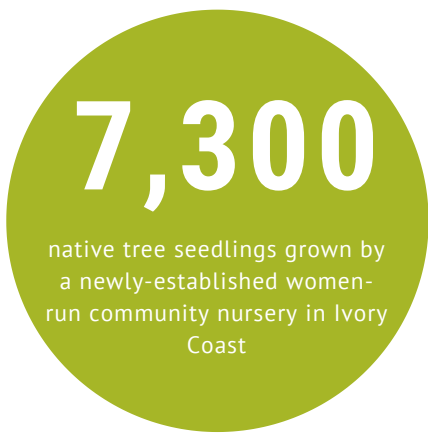
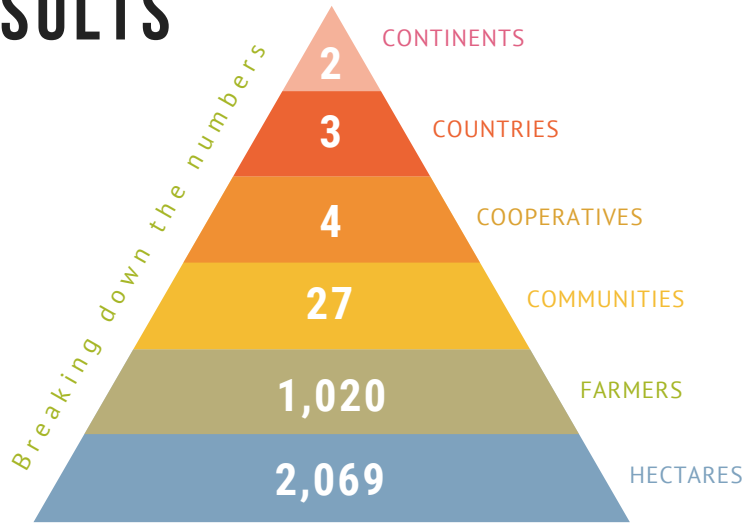
Child Labor Monitoring & Remediation Systems and Community Child Protection Systems are in place to help assure children are in school and have the childhood they deserve.

PROTECTING FARMS & THE PLANET

Protecting fragile ecosystems and developing resilience to climate change are the guiding principles for Cultivate Better Cocoa's environmental approach. Establishing diverse agroforestry systems, improving soil health and protecting water sources provide cocoa farmers better incomes today while improving and preserving the environment for future generations.

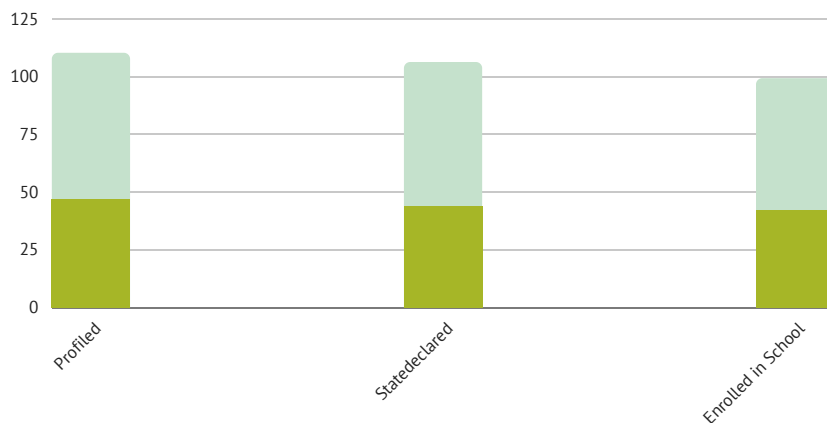
GPS mapping of farms, together with satellite maps accurately locate farms relative to government boundaries for national parks and protected forests. This assists in mitigating against forest degradation and deforestation.

IMPACT AND RESULTS



CHILD LABOR RISK ASSESSMENT

In Ivory Coast, our partner, FarmStrong Foundation, used family profiling as a tool to undergo a risk assessment. 110 children were profiled in 2020 including 47 girls and 63 boys. 98% of the boys have birth certificates and 90% are enrolled in school. 94% of the girls have birth certificates and 89% are enrolled in school. Community Child Protection Committees (CCPS) were set up within the local community to continue to manage progress.



WHERE WE WORKED IN 2019-2020



Cultivate Better Cocoa partners directly with local and international organizations in three origins - Ivory Coast, Ghana and Ecuador, to empower cocoa farmers to improve their livelihoods, inspire better social conditions within local communities, and encourage environmental preservation. All of these efforts are centered around protecting the rich, unique, and diverse flavors of the cocoa itself. Women's empowerment is a focal point across every initiative as women are key drivers of change and development in rural communities, and much of a program's success relies on their active involvement.

A Journey Toward Traceability

Establishing and building on long-term relationships, trust, and mutual goals are the foundation for our work. Getting to know the farmers, their families, their communities, and their cooperative is the first step toward traceable, sustainable cocoa. Cultivate Better Cocoa programs establish traceability from the farm level, through the supply chain to our factory. Through mapping, we can gain a better understanding of farm location as well as cocoa yields per hectare. As we strive toward improved quality alongside increased income, digital platforms record our cocoa bean sources. This allows us to better manage our ongoing relationships so that commitments to quality and sustainability can be fully realized in the ongoing commercial relationships with our farming partners.

IVORY COAST

Scoopsbad, or Scoobad, formed in 2012, is a smaller cooperative in Ivorian terms with an annual production of 2,540 metric tons. Based in Agboville in the South Eastern cocoa-producing area, Scoobad is about 2 ½ hours North of the capital, Abidjan. Our implementing partner in the Ivory Coast, FarmStrong Foundation, helped us select Scoobad for their leadership, experience, historic quality and significant presence of older "Cacao Francais" and "Cacao Ghana" varieties.

COOPERATIVE
SCOOPSBAD

LOCATION
AGOBIVILLE, AGNÉBI PROVINCE

FARMERS (F/M)
194 (4/190)

TOTAL HECTARES
543

COMMUNITIES
4

CERTIFICATIONS
RA, UTZ, STARBUCKS COCOA PRACTICES

IMPLEMENTING PARTNER: FARMSTRONG

GHANA

Our relationship with the Offinso Fine Flavor Cooperative goes back almost 10 years when the “Ghana Fine Flavor Project” was launched with 40 acres of grafted fine flavor cocoa. The farmer association gained Fair Trade certification in 2014 and has grown its membership and traditional cocoa production. The cooperative has matured building its management and ability to deliver services to its members. In 2018, Ms. Augustina Teteh formed the Akyemansa Fine Flavor Farmer Association with a keen interest and strong commitment to introduce Ghana Fine Flavor cocoa to her community and fellow farmers. Through their own initiative and program support, these farmers quickly coppiced and grafted 24 acres of fine flavor cocoa. The farmer association was Utz certified in 2019, has grown its membership and is now a registered cooperative. The organization’s leadership, good farmers and growing conditions show excellent potential.

COOPERATIVE

**OFFINSO FINE FLAVOR
COOPERATIVE**

FARMERS (F/M)

314 (140/174)

COMMUNITIES

17

LOCATION

OFFINSO, ASHANTI REGION

TOTAL HECTARES

628 (ESTIMATED AS OF 2020)

CERTIFICATIONS

FAIR TRADE INTERNATIONAL

IMPLEMENTING PARTNER: OPTIMAL CHANGE PARTNERSHIP AND TRANSROYAL

COOPERATIVE

**AKYMANSA FINE FLAVOR
COOPERATIVE**

FARMERS (F/M)

277 (97/180)

COMMUNITIES

6

LOCATION

AKYEMANSA, EASTERN REGION

TOTAL HECTARES

554 (ESTIMATED AS OF 2020)

CERTIFICATIONS

UTZ

IMPLEMENTING PARTNER: OPTIMAL CHANGE PARTNERSHIP AND TRANSROYAL

COOPERATIVE

**NKAWIE SOCIETY COCOA
FARMER’S COOPERATIVE**

FARMERS (F/M)

1,471 (509/962)

COMMUNITIES

20

LOCATION

NKAWIE, AHANTI REGION

TOTAL HECTARES

2,000 (ESTIMATED AS OF 2020)

CERTIFICATIONS

UTZ, FAIR TRADE INTERNATIONAL

IMPLEMENTING PARTNER: SUSTAINABLE FOOD LAB

ECUADOR

Our implementing partner, Olam Ecuador, helped form the Valle del Sade Farmer Association in a pristine area of the northern province of Esmeraldas, known for its quality and the genetic diversity of its Nacional cocoa. Olam's technical and commercial capabilities together with their experience delivering hands-on training offers important new opportunities for these farmers.

COOPERATIVE

**VALLE DEL SADE
FARMER ASSOCIATION**

LOCATION

VALLE DEL SADE, ESMERALDAS

FARMERS (F/M)

80 (14/66)

TOTAL HECTARES

344 (ESTIMATED AS OF 2020)

COMMUNITIES

1

CERTIFICATIONS

UTZ

IMPLEMENTING PARTNER: OLAM ECUADOR

Guittard Internal Control Systems

To provide 3rd Party verification, we contracted SCS Global Services to help us formalize the internal control systems for our purchase and usage of Cultivate Better Cocoa "CBC" cocoa beans and cocoa butter as well as the sale of Cultivate Better Cocoa finished goods. SCS has deep experience in this area having helped Starbucks establish its CAFÉ Practices and Cocoa Practices programs as well as serving as an auditor for Fair Trade USA, RSPO, Utz, the Non-GMO Project, among others.

SCS Global Services will be auditing annually our Cultivate Better Cocoa purchases and sales through a Mass Balance Traceability Checklist, as referenced in the appendix.

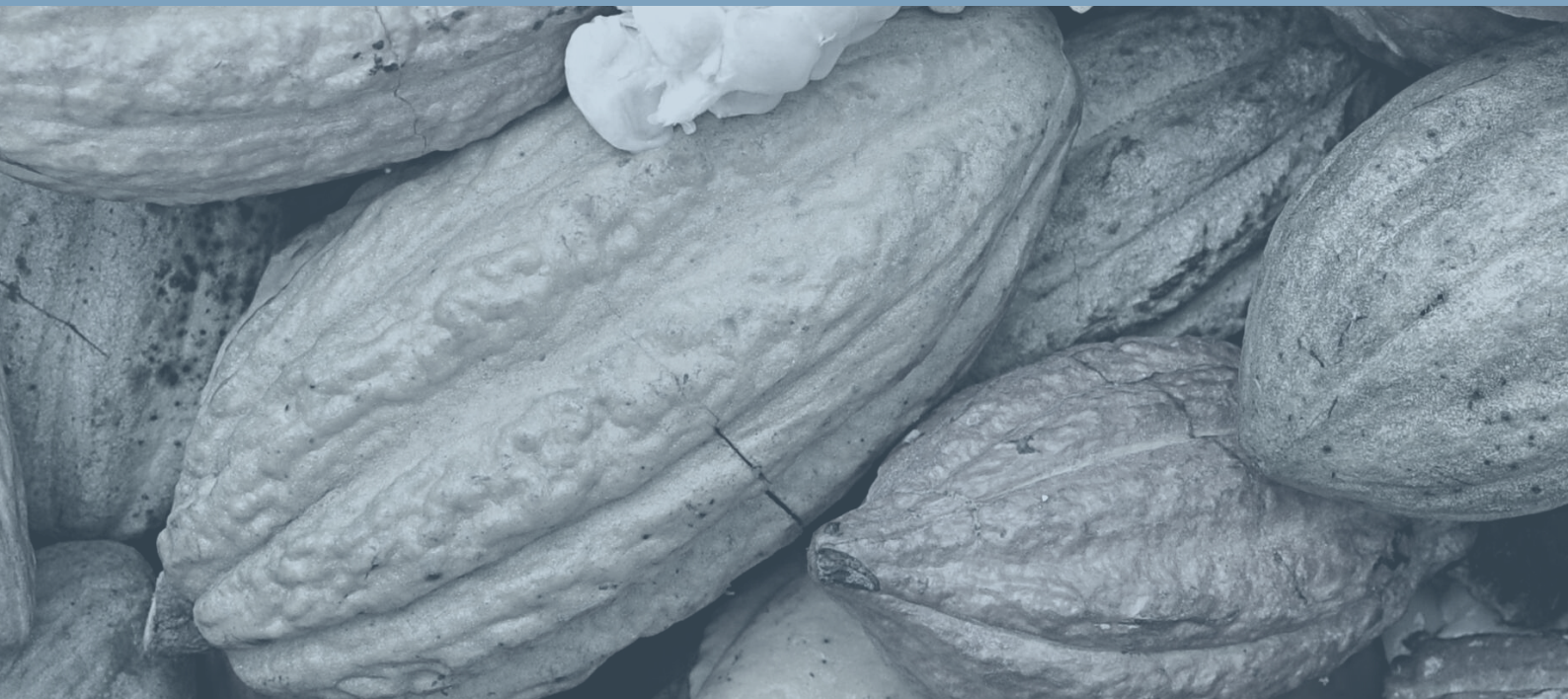


Empowering Prospering Farmers

CREATING VALUE THROUGH
FLAVOR QUALITY

Cultivate Better Cocoa focuses on working closely with farmers to improve the quality and value of their cocoa and contribute to better incomes. This focus on quality provides the basis for successful, long-term, collaborative relationships.

- **QUALITY INVESTMENTS**
- **GOOD AGRICULTURAL PRACTICES (GAP)**



QUALITY INVESTMENTS

Flavor, Quality & Value are the cornerstones of Cultivate Better Cocoa's approach to building sustainable, long-lasting relationships. We work closely with farmers and cooperatives to improve their income from cocoa. Better prices and a consistent market provide the best incentives for cocoa farmers to continue to invest in their farms and apply the training concepts and tools.

Good flavor starts with good genetics – high yielding varieties that represent the traditional flavors of the origin. From there, Cultivate Better Cocoa focuses on getting the basics right:

- **Harvest** – just like all other fruit, harvesting healthy, ripe pods will taste better
- **Fermentation** – developing clear protocols to optimize flavor
- **Drying** – using slow, gentle and off the ground drying methods for flavor quality and food safety



COCOA FARMERS FROM SCOOPBAD DURING A IN-FIELD TRAINING SESSION ON GAP

IVORY COAST

Our Cultivate Better Cocoa program with FarmStrong and Scoobad has a strong emphasis on quality practices. Much of the traditional practices in the Ivory Coast have been lost due to the rapid increase in cocoa production as well as the influx of new farmers entering cocoa. While much of the world thinks of Ivory Coast as a low-quality “bulk” cocoa, when done right, Ivory Coast cocoa has a beautiful, aromatic chocolate flavor that we love.

Trainings take place on the farm in small groups of 15 – 20 farmers from a community. The trainer will have examples of diseased and healthy pods that need to be separated and go through the harvesting, fermentation and drying steps for good quality cocoa. During the trainings, farmers taste samples of cocoa liquor made from best practices and samples of cocoa liquor from specific poor practices. We all learn experientially and this “Learning by Tasting” allows farmers to personally understand the impacts of their practices on the quality and value of their cocoa. The liquor samples for their farmer trainings are made at a “Flavor Lab” we helped establish at the National Agronomic Research Center (CNRA) with the support of the USAID/World Cocoa Foundation, Africa Cocoa Initiative.

GHANA

Our Cultivate Better Cocoa program in Ghana has focused on supporting the Ghana Fine Flavor Project, where South American “Fine Flavor” cocoa varieties were identified in the Cocoa Research Institute of Ghana (CRIG) collections and introduced to farmers through a grafting program. This is a totally unique program and offers farmers the highest premiums in Ghana. In order to achieve best fine flavor cocoa quality and flavor, with the support of CRIG and project partners, a central fermentation and drying facility was established at the Offinso Fine Flavor Cooperative, the first of its kind in Ghana. Since proper harvesting is a key factor to achieve good flavor, the cooperative’s technical staff harvests ripe, healthy cocoa from fine flavor farms and manages the fermentation and drying at the center. The initial results of the central fermentation and drying have been encouraging with samples submitted for the first time to the Cocoa of Excellence competition held every two years at the Salon du Chocolat in Paris.

ECUADOR

During the farm mapping and household data collection, an inventory was conducted of fermentation and drying infrastructure on each farm. During 2021, we will begin to establish small, community-based fermentation centers and train farmers together with Olam Ecuador’s sensory lab in Guayaquil and our own lab to provide timely flavor feedback to farmers.



SOLAR DRYING IN ESMERALDAS ECUADOR



OPENING OF THE CENTRAL FERMENTATION CENTER WITH MEMBERS OF CRIG AND LOCAL COMMUNITY MEMBERS; OVERLOOKING BOX FERMENTATION



OPENING OF THE CENTRAL FERMENTATION WITH MEMBERS OF CRIG AND LOCAL COMMUNITY MEMBERS; OVERLOOKING RAISED DRYING BEDS, POST FERMENTATION

GOOD AGRICULTURAL PRACTICES

Fruit trees like pruning. They respond by focus energy on fruit – cocoa pods, and not bigger, taller branches. New, young leaves also provide efficient photosynthesis to support cocoa pod development. Well pruned trees are also a lot easier to harvest.

Pruning the cocoa trees, along with managing permanent shade trees allow more sunlight and air to move through the farm significantly reducing crop loss to fungal diseases. Our “Farmer Field Schools” and demonstration plots help farmers see how these practices work.

Soil health is also incredibly important and often overlooked, especially in West Africa. Farmers will sometimes purchase fertilizer but compact soils with poor Ph do not allow the trees to properly absorb the fertilizer. Composting the cocoa pods together with other nutrients, including manures for nitrogen, provide necessary nutrients as well as microbes that improve soil health and structure.



FARMSTRONG – GUITTARD “FARMER FIELD SCHOOL” TRAINING ON BEST HARVEST AND POST-HARVEST PRACTICES

IVORY COAST

Farmer trainings in 2020 shut down in March and resumed in August in small groups, outdoors and with masks. In total, of the 194 farmers registered for 2019/20, 159 (82%) were trained, 5 of whom were women. FarmStrong/Cultivate Better Cocoa Training modules covered include:

- Good Quality Practices (GQP): Harvesting of ripe, healthy cocoa pods and the separation of diseased pods, removal of seeds from the placenta during pod breaking, fermentation, drying on elevated mats, cleaning, and proper storage.
- Good Agricultural Practices (GAP): Farm husbandry, soil fertility, shade management, pruning, weeding, diversification, farming as a business, farm development planning with agroforestry options.
- Good Social Practices (GSP): Child protection, recognizing child labor, remediation and corrective actions, family profiling, birth certificates, gender equality, occupational safety, income-generating activities, youth, schooling.
- Good Environmental Practices (GEP): Environmental stewardship, prevention of deforestation, climate change, erosion, the handling, use and storage of agrochemicals.
- Good Nutritional Practices (GNP): the importance of good balanced nutritional food, including proteins and vitamins, and clean drinking water for adults working but also for (young) children. The latter is key for their development and schooling.

GHANA

The grafted Fine Flavor cocoa provides unique challenges with the need to establish and maintain local budwood gardens and train farmers on grafting. Cocoa trees that have been grafted require early “architectural” pruning as well as on-going pruning like traditional trees from seedlings.

In 2019/20, with Guittard’s support, the Akyemansa Fine Flavor Farmers Association membership increased through Utz certification training by Transroyal Ghana. The association is now a registered cooperative with 277 farmers, approximately 321 hectares with traditional varieties and 18 farmers with 20 fine flavor farms and approximately 10 hectares of grafted, fine flavor cocoa now entering production. From May to August 2020, a total 4,625 new grafts were completed correcting failed grafts from the original 2019 grafting.

During the re-grafting, 15 Akyemansa farmers were trained by the team of CRIG grafters. Training was “hands on” with trainees participating in the preparation of the fine flavor budwood as well as the actual grafting, tying and untying 60 days later. Together, with Offinso, these are the only “Farmer Grafters” in Ghana.

In addition to the training and promotion of on-farm composting, 10 farmers from Offinso and 10 farmers from Akymansa are participating in the international CocoaSoils project to better understand localized cocoa nutrient needs and soil management on research sites and cocoa farm “satellite” sites across West Africa. The trainings and learnings from these 20 CocoaSoils sites will be disseminated throughout both cooperatives.

Together with the Sustainable Food Lab and Kuapa Kokoo during 2019 and 2020 we were honored to participate in a Living Income Pilot project in Ghana that helped establish and train professionalized youth-based service crews to provide much-needed labor and services that can boost production and incomes.

ECUADOR

Due to the limitations on in-country travel and farmer meetings, agronomic training was not possible in 2020 in this program. With the farms mapped and farmers organized, trainings will begin in 2021.



ECUADORIAN COCOA FARMER OVERLOOKING HIS COCOA, WHICH DRIES ON A RAISED BED



GHANAIAN FARMER LEARNING THE ART OF GRAFTING FINE FLAVOR COCOA



TRAY FERMENTATION AT CRIG



RAISED DRYING BED SHOWING PROPER DRYING TECHNIQUES



FARMERS IN IVORY COAST TRAINING ON POST-HARVEST PRACTICES



FARMER FROM NKAWIE COMMUNITY IN GHANA



FARMER TRAINING IN ESMERALDAS ECUADOR



Inspire Thriving Communities

UPLIFTING COMMUNITIES
THROUGH INNOVATION &
EDUCATION

Cultivate Better Cocoa balances our passion for quality and flavor with an equal passion for empowering women and supporting healthy, vibrant communities.

- CHILD PROTECTION
- GENDER EQUITY
- SECONDARY INCOME STREAMS
- NUTRITION



Child Protection

Working closely with the communities from whom we purchase our beans is one of our top priorities. We are committed to responsible sourcing throughout our supply chain and do not tolerate illegal practices, including forced labor, child labor or unsafe working conditions for any member of the farmer family.

Child labor is a complex problem rooted in poverty. Addressing income through quality investments, the development of secondary incomes streams and focused gender equity efforts impacts access to education and can improve available labor, not to mention improved nutrition--all of which can support matriculation of school-age children.

We hold all of our suppliers to the same standards. In compliance with California Transparency in Supply Chains Act of 2010, SB 657, we require all of our suppliers to ensure that policies and procedures are in place that prohibit human trafficking or forced labor within their supply chains and in the growing and harvesting of the ingredients we source and purchase.



GIRLS FROM A FARMSTRONG COMMUNITY IN IVORY COAST

IVORY COAST

Our work on the ground here has been informed and inspired by the International Cocoa Initiative as well as by our partner FarmStrong's own innovative and committed approach and building on the systems our cooperative partner, Scoobad, has in place through its Utz certification.

At Scoobad, an established Child Labor Monitoring & Remediation System (CLMRS) has been developed to identify and address Child Labor. This system includes an ASR (Monitoring and Remediation Officer) assisted by 18 RCs (Community Relays) that help farmers understand what constitutes child labor by international standards and build awareness among farmers and their families. To complement this supply chain-based system, FarmStrong and Scoobad set up Community Child Protection Committees (CCPS) with the local community leaders. The Family profiling initiated in 2020 is very encouraging, with high rates of child registration (birth certificates) and school matriculation, almost twice as high as some cocoa-producing areas in the Western regions of the Ivory Coast.

GHANA

At the younger cooperatives in Offinso & Akymansa, child protection committees are in place in accordance with Fair Trade and Utz certifications, respectively. Organizational strengthening was the focus in 2020 with more robust child protection systems being developed in 2021.

ECUADOR

While child labor issues in the cocoa sector have been focused on West Africa, risks exist in Ecuador as well as other parts of Latin America. Through household data collection risks are assessed. Farmers, their families and communities are then trained on international norms and conventions. Professionalizing and mechanizing farm activities where possible also help reduce child labor risks.

INSPIRE THRIVING COMMUNITIES



SCHOOL CHILDREN TENDING TO THEIR SCHOOL GARDEN: COCOA FARMING COMMUNITY IN ESMERALDAS, ECUADOR; COCOA FARM IS USED TO TEACH ABOUT SCIENCE WHILE ALSO PROVIDING NOURISHMENT FOR SCHOOL CANTEEN.



WINNING TEAM FROM THE FIRST ANNUAL FARMSTRONG/GUITTARD SOCCER TOURNAMENT, SCOOPBAD



NKAWIE CHILDREN LISTENING TO THE LIVING INCOME STUDY COMMUNITY DISCUSSION.



SCOOPBAD TEENAGERS LEARNING ABOUT FAMILY PLANNING



A MULTI-TASKING COCOA FARMER - BALANCING MOTHERHOOD ALONGSIDE TENDING TO HER COCOA BEANS

Gender Equity

Cultivate Better Cocoa is designed to integrate gender equity across every initiative as women are key drivers of change and development in rural communities, and much of a program’s success relies on their active involvement.

Gender equity ensures that everyone has access to tools, information, and resources they need to fulfill their potential – which is critical to address supply chain and sustainability challenges. Though women provide much of the labor for cocoa, their specific needs and preferences are seldom considered in training, financing, and contract negotiation. Women often have less access to agricultural inputs and financial services than men and are often unable to attend or are excluded from trainings. When women gain the same access to inputs, training, and financing, evidence from coffee and cocoa supply chains in Uganda, Guatemala, and Ghana shows that they are just as productive as men.^[i]



FARMERS FROM SCOOBAD AFTER HARVESTING VEGETABLES FROM THEIR VEGETABLE GARDEN

IVORY COAST

Together with FarmStrong Foundation, we have helped a 28-member women’s association in the village of Oress-Krobou establish a drip-irrigated greenhouse for the production of tomatoes, cucumbers, peppers and other vegetables. Yams and other crops are also communally farmed in adjacent land next to the greenhouse to take advantage of the well and pump. These cash crops can be sold in the local market as well as provide food for their families.

The first cycle production cycle produced 330kg of fresh vegetables worth around FCFA 120,000, equivalent to about 220 US dollars. This may not seem like a lot but with a capacity of 3 – 4 cycles per year, that is significant additional income and motivation is high.

Our work with FarmStrong and Scoobad includes nutrition training and cooking classes for women. The classes are held in the village centers with cooperative members as well as women not directly associated with the cooperative. Training includes using a local version of a soybean that provides low-cost, plant-based additional protein for their diets as well as dishes they can sell in the market. Other nutritional and dietary concepts are covered including cooking vegetables for less time to preserve nutrient content.

To encourage and empower young women and bring communities together through sports, in September 2019 (outside this reporting period) we launched an annual women’s soccer tournament. The event was a great success with hundreds of spectators that we were fortunate to be able to attend. As the pandemic subsides, we hope the tournament can return in 2021 and become a tradition.

GHANA

Our community work in Ghana during 2020 was highlighted by our Living Income pilot with Sustainable Food Lab and Kuapa Kokoo – a 50,000 member union of cocoa farmer cooperatives. Sustainable Food Lab, is a leader in the Living Income space, serving as coordinator for the international Living Income Community of Practice. The goal of the project was to better understand the opportunities to increase household incomes through micro-enterprises and help establish models that could be replicated. In 2019 with an extensive baseline study of household incomes was initiated by the University of Ghana. This project is known by farmers and union staff as “Asetina Yiedie Akonhoma”, which means ‘living income’ in the Ashanti local language, Twi. The Project Team developed an investment plan for increased farmer income through three diversification opportunities: yam and rice cultivation and micro-enterprises producing bread and soaps.

During 2020, 10 women-led businesses in 10 communities received seed capital and training to test business viability. The project has so far supported 100 women directly involved in bread and soap making and sales activities. Initial financial results were promising with the Kuapa Gender Unit, the Nkawie management and most importantly, the women able to see the profitability of each activity and make their own decisions on how to grow and manage their businesses as well as how to allocate labor contributions to fairly and equitably share the incomes.

ECUADOR

We have long been interested in how gender equity and empowering women in cocoa growing communities can work in Latin America. Last year we had the opportunity to work with the Partnership for Gender Equity (PGE), who has done pioneering work in this area with coffee cooperatives and supply chain partners in Latin America, East Africa and South East Asia.

Together with producer partners in Ecuador and Peru, we participated in a “Virtual Learning Journey”, hosted by PGE with support from the Safe Platform of the InterAmerican Development Bank. This work focused on creating scorecards - metrics for tracking organizational change in producer organizations to; assure equitable access to services and resources, establish formal statutes and policies to include and support women, and develop the strategies and resources to put them in place.



FEMALE COCOA FARMER IN FRONT OF HER HOME IN ESMERALDAS ECUADOR



NKAWIE COMMUNITY GATHERING DURING LIVING INCOME STUDY DISCUSSION



SCOOPBAD NUTRITION CLASS, TAUGHT BY LOCAL WOMEN



WOMEN SELLING VEGETABLES AT THE LOCAL MARKET; PROFITS FROM THE SALE OF VEGETABLES ARE ALLOCATED TO THE WOMEN PARTICIPATING IN THE PROGRAM AND REINVESTED BACK INTO THE COMMUNITY



ENCOURAGE ENVIRONMENTAL PRESERVATION

PROTECTING FARMS & THE PLANET

Protecting fragile ecosystems and developing resilience to climate change are the guiding principles for Cultivate Better Cocoa's environmental approach. Establishing diverse agroforestry systems, improving soil health and protecting water sources provide cocoa farmers better incomes today while improving and preserving the environment for future generations.

- FARM MAPPING & DEFORESTATION RISK
- AGROFORESTRY & WATER RESOURCES



Farm Mapping and Deforestation Risk

As we all know, building relationships takes time, effort and good communication. Prior to the pandemic, we traveled to origin multiple times per year to facilitate this in-person commitment and the advancement of our program. During the 2019/20 crop cycle, we have had to adapt and use more platforms like WhatsApp and Zoom to stay connected and keep the work moving forward. It's been an adjustment but this new found way of connecting is due in large part to the commitment of our implementing partners.

GPS polygon mapping and identifying farms on satellite maps is a first step in physical traceability and verifies that the cocoa in our Cultivate Better Cocoa program is not grown in protected forests or national parks. During the same time that the mapping is done, household data is also collected, wherever possible. Household data helps complete the bigger picture of the landscape and opportunities for program development.



RICH AND FERTILE FARMLAND

IVORY COAST

All 221 farms belonging to 194 program farms were mapped. In late 2020 – early 2021 an additional 39 farmers were brought into the program with 41 additional farms.

GHANA

In Ghana, due to COVID and a change in our implementing partner, we have not yet been able to map the farms. With our new implementer, Optimal Change Partnership, farm mapping will begin in 2021.

ECUADOR

In Ecuador, our partner, Olam Cocoa, was able to map all 80 farms as well as collect important household and community demographics. Reference the appendix for a series of maps identifying Esmeraldas Province, and the Valle del Sade and farm locations where our Cultivate Better program operates. Valle del Sade is a community in the Malimpia municipality, of the Quinindé District in Esmeraldas Province. This is a fairly remote and beautiful area surrounded by rivers and an estuary providing diverse and rich ecosystems. Esmeraldas and Valle del Sade is also very diverse ethnically with Ecuadorian mestizo, a strong Afro-Ecuadorian population as well as indigenous Chachis people.

Agroforestry & Water Resources

Cocoa agroforestry is a relatively simple concept where trees that can provide needed shade also provide economic benefit. The trees can be fruit trees or short, medium or long-term timber species that can be harvested and replaced. Well-spaced additional shade can help maintain soil moisture as well as improve biodiversity providing some measure of climate change resilience for cocoa farmers, their families and communities.



DENSE NATIVE FOREST IN IVORY COAST

IVORY COAST

Protecting fragile ecosystems and developing resilience to climate change are the guiding principles for Cultivate Better Cocoa's environmental approach. Establishing diverse agroforestry systems, improving soil health and protecting water sources provide cocoa farmers better incomes today while improving and preserving the environment for future generations.

In 2020, FarmStrong and Scoobad set up a women-run, community nursery; the nursery distributes 7,000 native timber tree seedlings per year, providing some additional income for the women helping raise the seedlings prior to distribution. Lead farmers will use GPS to create waypoints (geo-localization) of each tree planted on the farms in order to follow up on their future development (canopy and biomass) through a sampling system.

GHANA

At the Offinso Fine Flavor Cocoa Farmers Cooperative, indiscriminate felling of trees has become a serious issue in the district where contractors or illegal loggers cut down trees in cocoa farms without the farmers' knowledge. Mr. George Manu, whose fine flavor cocoa farm was practically destroyed by a road contractor, was assisted by the Cooperative to seek redress. The Cooperative collaborated with the Municipal Assembly and the Forestry Commission to ensure that the right compensation was paid and trees were supplied for restoration.

There are also examples of parts of cocoa farms with too much shade. In one case, the Offinso cooperative collaborated with the Ghana Forestry Commission and other institutions to support Mr. Alex Opoku Mensah, whose farm exceeded the recommended number of shade trees. Permission to remove some of the trees was granted, with replanting in a nearby area, generating much-needed income and construction materials.

At the Akyemansa Fine Flavor Cooperative, 300 hardwood saplings were provided as long-term shade for the newly established budwood garden that will support future grafting. In 2021 we are ramping up in Ghana shade tree distribution for long-term income as well as climate resilience.

ECUADOR

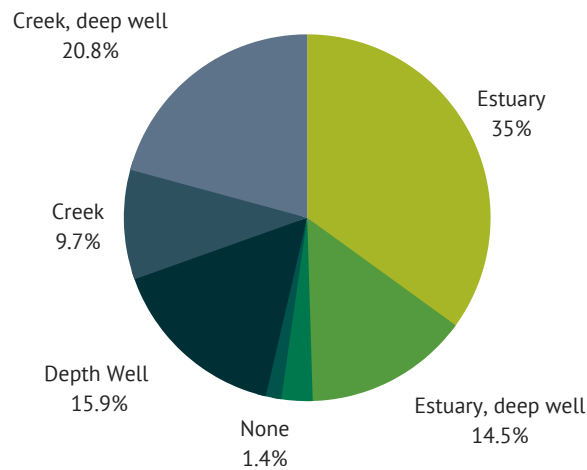
In Latin America, where cocoa is indigenous to the Amazon Basin, cocoa has traditionally been grown with more shade and diversity including fruit trees and other species. Launching our Cultivate Better Cocoa program Olam utilized the mapping of all the farms in their Forest Loss Risk Index (FLRI) tool that measures the risk of future deforestation in a sourcing area. In this system where 4% to 5% is considered a high future deforestation risk, the Valle del Sade area scored 0.72% with a very low future deforestation risk.

Olam has also developed a system to map and track water sources and uses in order to support this vital resource. The objective of this information is to identify opportunities to:

- Protect fresh water sources
- Enrich lentic or lotic ecosystems
- Generate and connect farms to biodiversity corridors

Until February 2021, the result of this identification showed that 98% of the farmers who were surveyed had one of the following:

WATER SOURCES WITHIN ECUADOR COMMUNITY FARMS



SEEDLINGS GROWN BY WOMEN-RUN SHADE TREE NURSEY IN IVORY COAST



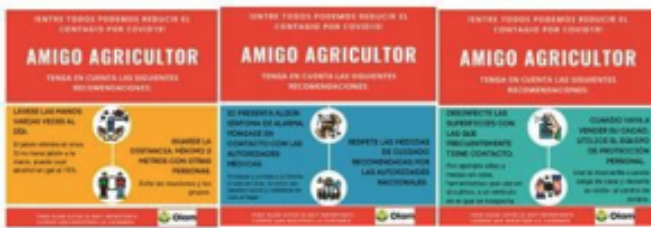
JAGUAR PHOTOGRAPHED BY A CBC COCOA FARMER; AN EXAMPLE OF A THRIVING ECOSYSTEM WHERE NATIVE ANIMALS CAN ROAM FREE

COVID-19 Support

Through the close relationships we have established with our suppliers and cocoa producers over the years and especially through our Cultivate Better Cocoa programs, we were grateful to be able to directly support these farmers and cooperatives to establish safety protocols to reduce the risk of the virus in their communities.

In the Ivory Coast and Ghana our modest support helped cooperatives establish handwashing stations at collection centers and cooperative offices. Cottage industries were created to sew masks and make soaps to keep those purchases in the communities. Educational materials were also created.

Ecuador was hard hit by the pandemic with the port city of Guayaquil and cocoa-producing areas nearby especially affected. Olam provided considerable direct support to all of their suppliers, including our small program in Valle del Sade. SMS messaging as well as printed materials helped keep farmers, suppliers, and staff safe and cocoa moving.



AN EXAMPLE OF A COVID-19 EDUCATIONAL POSTER IN ECUADOR



A HAND-WASHING STATION INSTALLED AT A COOP IN IVORY COAST



LOOKING AHEAD TO 2022

Sustainability reports are not just about looking back, but also looking forward. This Cultivate Better Progress Report is a continuous work in progress - a way for Guittard to not only track impact but also identify opportunities for additional improvements over time. This section outlines our strategy for continuing to adapt and advance the good work done so far.

2020 was an incredibly difficult year for everyone. Supporting programs in three countries, two continents and seven or eight time zones without being able to travel to be there personally with our partners was challenging. During this year of Zoom calls, Microsoft Teams meetings, WhatsApp and Facetime calls and webinars, we have all learned to adapt and to innovate. Connecting more through these technologies helped not only move the work forward but maintain relationships and a sense of connection while we could not travel. Looking ahead, we will continue to use these tools and others. We are also adjusting our local partnerships to better support the specific nature of our Cultivate Better Cocoa program and to track progress. Some of the highlights for our 2021/22 work and goals include:

- **Empowering Prospering Farmers:** In addition to furthering our quality-based work, we will continue to strengthen farm mapping and farm development plans and monitor the adoption of Good Agricultural Practices to support income.
- **Inspire Thriving Communities:** We will continue to build child protection systems across our programs. In Ivory Coast, we will continue to build on the successes of the women-run greenhouse and nutrition programs and in Ghana, we will introduce Village Savings & Loan Associations (VSLAs) to support household economic needs and serve as engines for micro-businesses.
- **Encourage Environmental Preservation:** Through our own carbon footprint analysis, we will build carbon reduction strategies into our Cultivate Better Cocoa programming to support local communities as well as reduce our own Scope 3 carbon emissions.

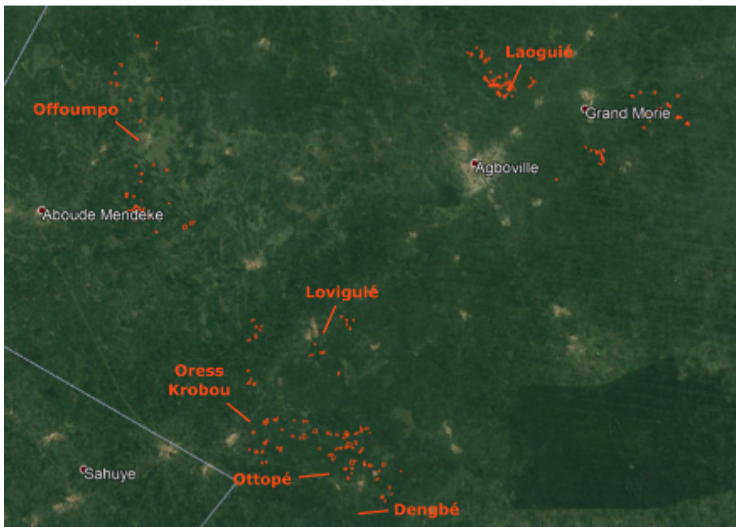
Amidst all of the work we have to do, we look forward to getting back to the Ivory Coast, Ghana and Ecuador or see our friends and colleagues and learn, adjust and adapt to the continually changing landscape in order to ensure that we continue to cultivate better in all that we do. If you're a customer or farmer interested in learning more about Cultivate Better Cocoa and how you can be part of this collaborative work, please contact us at cultivatebetter@guittard.com.

Thank you for your continued support. We look forward to growing this partner program together.

APPENDIX

GPS MAPPING AND POLYGON MAPPING

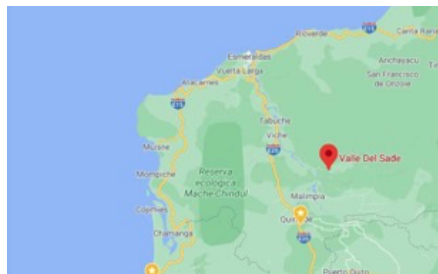
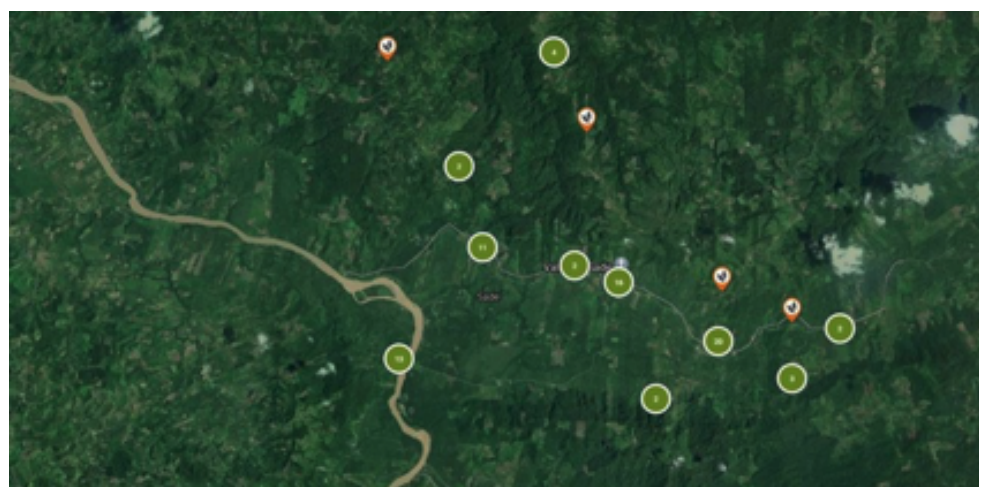
Mapping of program areas - Ivory Coast



Mapping of program areas - Ghana



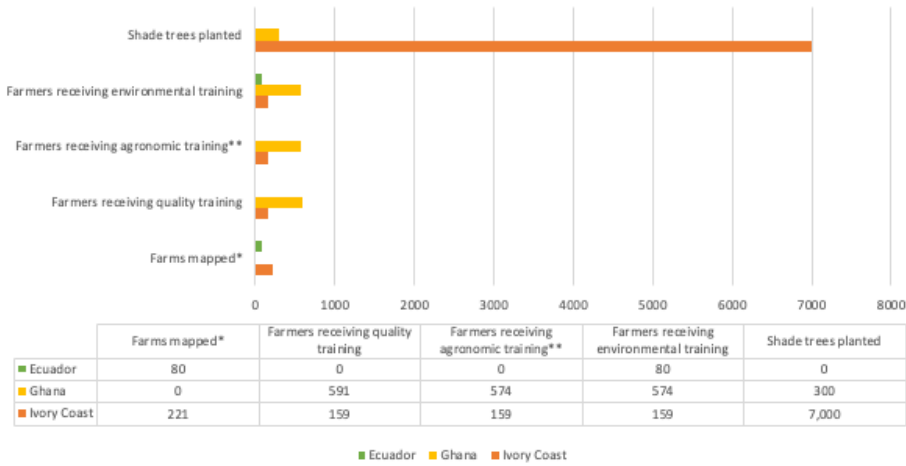
Mapping of program areas - Ecuador



APPENDIX

PROGRAM OVERVIEW

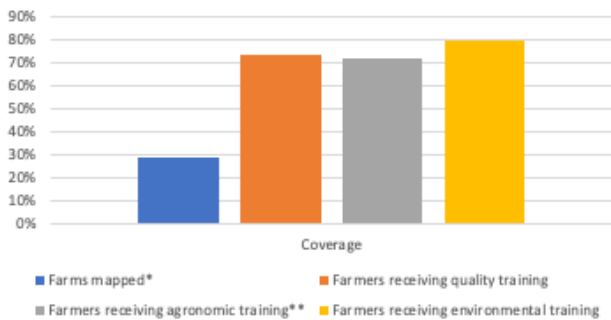
Program Summary



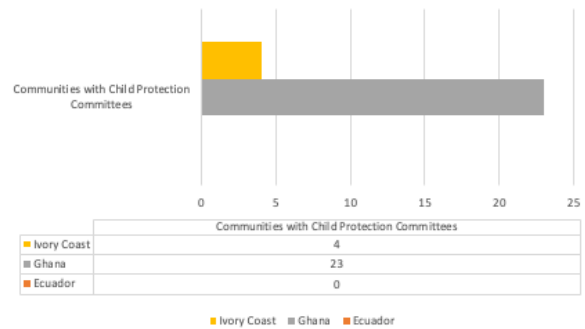
* Mapping of farms in Ghana planned for 2021

** Agronomic training in Ghana limited to fine flavor farms in 2020, expanding to traditional farms in 2021

% Coverage of Metrics



Child Protection Committees



PROGRAM SUMMARY

continents	2
countries	3
cooperatives and/or farmer associations	4
communities	27
farmers	1,020
hectares	2,069

GENDER EQUITY REFERENCE STUDY

[1] HILL, R.V., AND M. VIGNERI. 2014. "MAINSTREAMING GENDER SENSITIVITY IN CASH CROP MARKET SUPPLY CHAINS." IN A. QUISUMBING, R. MEINZEN-DICK, T. RANEY, A. CROPPENSTEDT, J. A. BEHRMAN, AND A. PETERMAN (EDS.) GENDER IN AGRICULTURE AND FOOD SECURITY: CLOSING THE KNOWLEDGE GAP. SPRINGER.

APPENDIX

SCS MASS BALANCE AUDIT CHECKLIST



Mass Balance Traceability		
Record Keeping		
1	Updated supply chain maps or flow charts are kept, outlining purchase flows for cocoa products from CBC: - Subcontractors must be identifiable - Suppliers and distributors must be identifiable - Activities per link must be identifiable - Products per link must be identifiable	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
2	Records from the past 3 years of CBC cocoa products are kept. Examples: - Purchase records (invoices, BOLs, work orders, contracts, etc.) - Sustainability/Social Responsibility Certificates of suppliers (FTUSA, RA, UTZ, etc.) - Receiving records	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
Transformation		
3	Records effectively demonstrate that the quantity of each CBC inbound ingredient(s) is sufficient to substantiate the quantity of CBC product(s) the ingredient was allocated.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
4	The calculations of conversion rates used within each processing facility are indicated in the documentation relating to the transformation of the product, and kept up-to-date.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
5	For CBC designated products, purchase/sales documents must reference "CBC" and Lot Number	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
Internal Quality Management		
6	A procedure on mass balance traceability for CBC has been developed.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
7	Specific personnel responsible for the mass balance traceability system have been designated, documented, and trained.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
8	Specific personnel responsible for the mass balance traceability system can demonstrate required qualifications by explaining the traceability system and how it works. - Interviews with key personnel	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
9	Documentation relating to the sale of CBC product is consistent. Example: MOU, ERP, Purchase Orders, Invoices, Contract	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
10	The entity can demonstrate ability of how to conduct mass balance of the CBC products.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
11	An internal mass balance exercise is done on a yearly basis, and recorded.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
Certification Assurance		
12	The entity has a system in place to verify the compliance with sustainability and fair labor third party certification of cocoa for CBC.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
13	The entity only makes claims regarding the use of CBC chocolate that are in compliance with the CBC program	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
14	For CBC products, a system is in place where complaints can be recorded and investigated. The results of the investigation and root cause of the issue are recorded, and sufficient information is provided. Possible documents to review: SOPs, Complaint Procedure, MOU with cooperatives and clients, etc.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
15	Guittard office facilitates the yearly CBC external audit, providing transparency in all operations and disclosing all requested information in a timely manner.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
Premium Transparency		
16	Receipts of premiums paid to CBC implementing partners and cooperatives are available.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
17	Evidence of investment of premiums towards community development is available Example: Equipment upgrades, education, healthcare, etc.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
18	Impact of premiums is documented Example: increase in production; improved biodiversity, etc.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>
Logo Usage & Claims		
19	CBC logo usage is monitored and records are maintained	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA <i>Comments (if applicable):</i>