Cargill Cocoa & Chocolate

Cocoa Sustainability
24 February 2022
Confidential
At a glance

160,000 employees
Working in 70 countries
More than 150 years of experience

A trusted partner for food, agriculture, financial and industrial customers in more than 125 countries.

Agriculture
Food
Animal nutrition and protein
Financial and industrial

Fiscal 2019 adjusted operating earnings: $2.82 billion
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
- We reach 100% of our farmers with training and/or coaching to build their capacity.

Community Wellbeing
- 44% of direct supply chain farmers are covered by child labor monitoring and remediation systems.

Protect Our Planet
- 64% of farms are mapped with GPS farm polygons and assessed on deforestation risk.

Consumer Confidence
- 53% of farmers in our direct supply chain deliver volumes that are first-mile traceable.

Transformation, Together
- In more than 35 partnerships, we leverage progress in the cocoa sector.
Our global sourcing network

>800,000
tons of beans we source and grind annually

~ 400,000
Farmers in our direct and indirect sourcing networks globally

60%
of our beans are obtained through our direct sourcing networks

6
cocoa origin countries we source from directly

GLOBAL COCOA SOURCING*

4,850,000
tons of global cocoa production

6 million
farmers earning their living from growing and selling cocoa beans

90%
smallholders

*Non specific to Cargill
What is traceability?

Depending on the definition, cocoa can be traced back to different points of the supply chain:

- To the country of origin.
- A specific region.
- A first point of purchase.
- A certain cocoa growing community.
- All the way down to a specific farmer/farm.
First-mile digital traceability

How it works

SOURCING directly from cooperatives in cocoa communities

Each cocoa bag is:
- Labeled with barcode
- Tracked through our software system

Each farmer has:
- Has a unique code and is GPS mapped

Collection from secured Buying Stations in 7-9 mt trucks

Local processors processing / grinders

District Warehouse

Cooperative

EXPORT

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CocoaWise™
Building a fully transparent and traceable cocoa supply chain that benefits all

Data collection
- **eFinance**: Mobile money solutions for farmers to get paid fairly, accurately and securely
- **BeanTrack**: Physical tracking of beans via cocoa bag barcodes
- **ProFarm**: Support tool for farmers to make informed decisions based on agronomy, weather and market information
- **ProCoop**: Professionalisation tools for farmer cooperatives
- **Insight**: Tracking and monitoring progress of cocoa sustainability goals

Data Analysis
- **CocoaWise™ 360**: Centralized data platform for fast and accurate reporting, with automated quality checks and cutting-edge analytics

Customer Portal
- Providing customers with valuable insights and content for their sustainability journey.
Specific cases of Governmental controlled cocoa Market

IVC and Ghana produce 63% of the world cocoa
Both Origin Governments enforces stringent rules, impacting the ability for industries to comply with the legislation

**Ghana – The Cocoa Marketing Company (CMC)**

EU operators/traders that have sourcing assets in IVC must allocate 20% of their export volumes to local exporters.

The CCC published the list of local exporters that EU operators/traders have to work with on a yearly basis.

Mixing of all supplies at local exporters impacts EU operator/trader = Loss of Traceability AND loss of Segregation.

**IVC – The Conseil Café Cacao (CCC)**

Mixing of all supplier to CMC = at district warehouse.
Clarification and questions

• Through the various presentations and discussions on the proposal we understand that it is allowed to mix ‘known’ origins cocoa beans or products. Is this interpretation correct? And at what point in the supply is mixing of ‘known’ origins allowed?

• A shipment of cocoa beans from West Africa represent an estimated production of 13,000 small holder farmers. Not everything is digitized at origin and most of the data is on documents and cannot be traced back to a specific plot of land in case ‘known’ origins are mixed. What proof do we supply to national authorities in order to be compliant?

• Why does the proposal reference ‘free circulation’ specifically? This seems to imply that cocoa beans stored in bonded warehouse in EU harbor before being called for production and released for ‘free circulation’ will be out of scope of the regulation?

• We hear conflicting comments that sustainable agroforestry practices, practices that contribute to income diversification and community wellbeing, would no longer be allowed under the proposed regulation. Can you confirm?

• In our experience monitoring compliance via satellites is not sufficient proof for ‘verifiable information’ that deforestation has not occurred. In most case satellites cannot distinguish between ‘forest’ and ‘agroforestry’ or other tree plantations from space. What other valid proof could be considered for Member States authorities? Will Member States authorities required to do ‘on the spot’ checks in producing countries when alerted about possible deforestation incidents?

• To successfully implement the requirements of the proposal the cocoa sector calls for an enabling environment in producing countries. The proposal includes elements of government-to-government cooperation and the next phase of the EU ‘Cocoa Talks’ will create a platform for exchange. Will the EU Commission plan for initiatives on the ground in producing counties? How can the private sector contribute?

• Throughout the process thus far the cocoa sector has repeatedly called for sector specific guidance that takes account of the complexity and farming practices in the cocoa supply chain that will otherwise create friction with the proposed legislative requirements. Will the EU ‘Cocoa Talks’ offer that platform to develop these guidelines?

• The same amount is being invested in sustainability programs (i.e. not traceability) that support the overall sustainability in the cocoa sector. Was the impact of the proposal on the overall sustainability (economic, environment and social) of the cocoa sector taken into consideration?
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Helping the world thrive