



A thriving cocoa sector for generations to come

The 2014 global Cargill Cocoa Promise report

We launched the Cargill Cocoa Promise in 2012, to align our efforts in origin countries and make a difference to farmers, their families and their communities.

Almost two years on, this report reveals what we have learnt, articulates the progress we have made with our partners and explores some of the challenges and opportunities that the future holds.

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The fast read

The challenge

The cocoa and chocolate sector has a challenge on its hands. Most of the world's cocoa is grown by between six and seven million smallholder farmers. Many of them are struggling with ageing low-productive trees, and have limited access to the infrastructure, training or finance they need to invest in their farms and run a successful business.

Meanwhile, demand for cocoa is rising steadily, at a rate of between 2% and 3% a year. Cocoa and chocolate manufacturers are looking to source more of their cocoa in a sustainable manner. And consumers are increasingly interested in where their food has come from and how it has been produced.

All this points towards a need for us to empower smallholder cocoa farmers so that they can have a viable future with better incomes, cocoa yields and more sustainable farming standards.

Our response – the Cargill Cocoa Promise

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

It was introduced in 2012 to align our efforts in six origin countries on the three key areas that we believe can make a real and lasting difference: farmer training, community support and farm development.

Find out more...

Jos de Loor, President of Cargill Cocoa & Chocolate, shares his perspective on some of the issues that the industry is facing, and the connections between them.

Jos de Loor explains why it is important to support smallholders; shares his views on sustainable cocoa; and discusses how we can work more effectively together.



See page 04.

A real global presence

The Cargill Cocoa Promise is making real and lasting differences across six origin countries through:



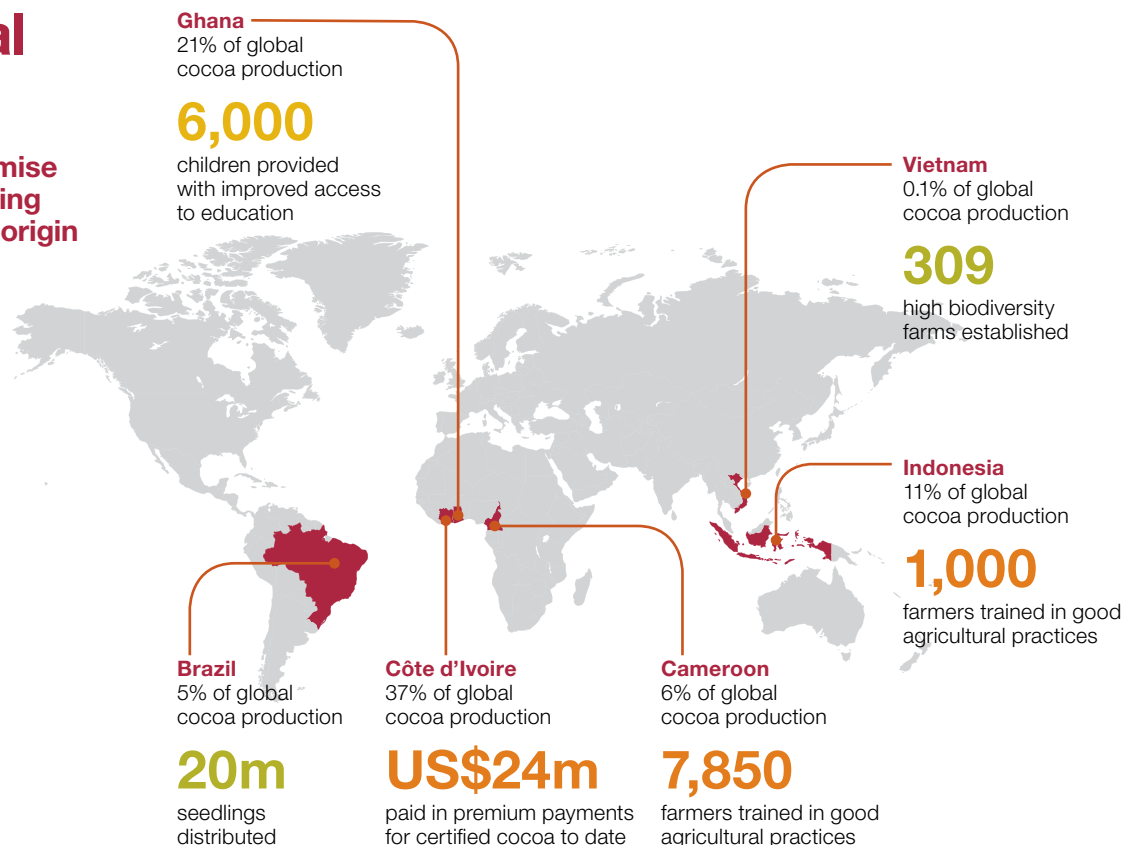
Farmer training



Community support



Farm development



The fast read

continued

So far, we have trained over 115,000 farmers in good agricultural practices, established nearly 2,550 Farmer Field Schools globally, and through our partnership with CARE International, provided nearly 34,000 children in cocoa-growing communities with improved access to education. Over 50,000 farmers in Côte d'Ivoire alone have been certified as sustainable growers. And in the recent 2012/2013 crop year, our partner cooperatives and farmer organizations received US\$6.25 million in premium payments in cash that allowed them to invest and strengthen their organizations, their crops and their communities. A similar amount was made available to farmers.

Our program is global, but we act local – using the scale and extent of our on-the-ground sourcing network. We partner with governments, farming communities and NGOs to understand local issues, align with local policies and make a tangible, long-term difference. And, crucially, we form close, supportive relationships with farmers and farmer organizations, providing them with solutions that they can own, and giving them the skills and knowledge to implement programs that will make a positive and meaningful change.

Looking ahead

As we strive towards our ambition, we are continually adapting our approach and looking for new opportunities to work more effectively with our partners and, ultimately, make a bigger difference.

Moving forward, it is important that we support our customers as they share the sustainable cocoa story with consumers. To that end, we aim for complete transparency in our supply chain, and will provide clear, documented evidence including impact measurements and narratives from farmers and our partners in that country. We will continue to work with them to understand their individual needs and leverage each other's resources to create projects with real, measurable results.

Transparency will become even more important, and a driver of increased collaboration. We believe that consumers are willing to engage and our customers are willing to engage and invest, but they need to know how they are making a difference.

We also need to extend the reach and depth of our work in origin countries – benefiting even more smallholder farmers and cocoa-growing communities, and working with the farmers to deliver more advanced training and improve their profitability further. Our plan is to focus on the origin countries that we already work with, because that is where there are the biggest opportunities to drive change.

There will always be complex and constantly evolving challenges ahead – including political and climate change. But, through the Cargill Cocoa Promise, we're developing the skills and capabilities that will allow cocoa farmers to be prepared for upcoming eventualities.

Find out more...

For more detail on the progress we have made, visit the **Making progress on the Cargill Cocoa Promise** section of this report. Here we highlight the key partnerships and programs that have made this progress possible, as well as the insights and knowledge we have gained as a result.



See page 09.

We are constantly looking to improve what we do and how we do it.

Read **Mapping the way forward for the Cargill Cocoa Promise** to find out what we are planning to do next with the Cargill Cocoa Promise, and to hear the views from across our business on what the future holds.



See page 26.

Our ambition is to accelerate progress towards a transparent global cocoa supply chain, enable farmers to achieve better incomes and living standards and deliver a sustainable supply of cocoa and chocolate products.



1

The forces shaping our approach

A perspective from Jos de Loor,
President, Cargill Cocoa & Chocolate

The forces shaping our approach
continued

Cargill Cocoa & Chocolate President Jos de Loor reflects on three themes shaping our approach to sustainable cocoa, and explores how working together can effectively guarantee a secure future for all stakeholders.



1. Rising demand for cocoa and chocolate creates fresh opportunities

Growing demand represents an exciting challenge for us all

This is an intriguing time to be in the cocoa industry, with significant and steady growth in the market predicted. The biggest question today is how we can adapt to changing global appetites, while maintaining a steady price for cocoa and chocolate. Achieving this will mean consumers are protected from sudden changes in the market, and that we can continue to steadily improve the livelihoods of smallholder cocoa farmers around the world.

Alongside a steady growth in demand from traditional markets, there is a rapid acceleration in emerging markets such as in Asia, with a surge in disposable income and a newly discovered taste for cocoa and chocolate-flavoured products. China's economy is expected to overtake the United States within the next three years, and "luxury" indulgent products such as chocolate will undoubtedly be among those that benefit from this new spending power. We are already seeing a swift growth in sales of powder-containing goods such as chocolate milk, cookies and cakes.

**571%
increase**

The increase in middle class spending predicted in Asia Pacific by 2030.

Source: The Organisation for Economic Co-operation and Development – OECD

**One million
mt of cocoa**

Approximately the extra amount the industry is expected to have to source over the next 10 years to keep pace with current growth in demand.

Source: Industry experts

70%

Volume of the global supply that was grown in West Africa in the 2012/2013 crop.

Source: ICCO



The resulting 2–3% annual rise in demand is good news for everyone in the cocoa sector, but it is an opportunity that can only be leveraged when we overcome the challenge of ensuring sufficient supply. Over the next decade, we will need to source about a million extra metric tons of cocoa. To put this in perspective, that is the equivalent of finding the entire crop of Ecuador – one of the world’s largest producers – every two years.

Cocoa supplies can be unpredictable

Cocoa is a vulnerable crop; relying as it does on variable weather conditions and smallholders with often limited yields living in difficult socio-economic conditions. There is also a great deal of competition for land – cocoa has to win out against other cash crops such as rubber and palm – and many origin countries have high rates of rural to urban migration.

In this context, we need to work hard to make sure cocoa farming is sufficiently attractive to be a viable, rewarding choice – so that cocoa demand and supplies well balanced for the future.

58%

The predicted proportion of Ghanaian people that live in cities by 2030.

Source: The World Bank

46 years

The average age of farmers in our training program in Côte d’Ivoire.

Source: Cargill

Revitalizing farms

Cocoa has always been a crop that offered economic opportunity. But now, with many farms at the end of their productive lifecycle, cocoa productivity is under pressure. The majority of smallholder cocoa farms, particularly in West Africa, were established 20–30 years ago. Cocoa is a tree crop and the trees have aged and become less productive; soil nutrient levels have decreased and pests and diseases affect both cocoa pod and overall tree health.

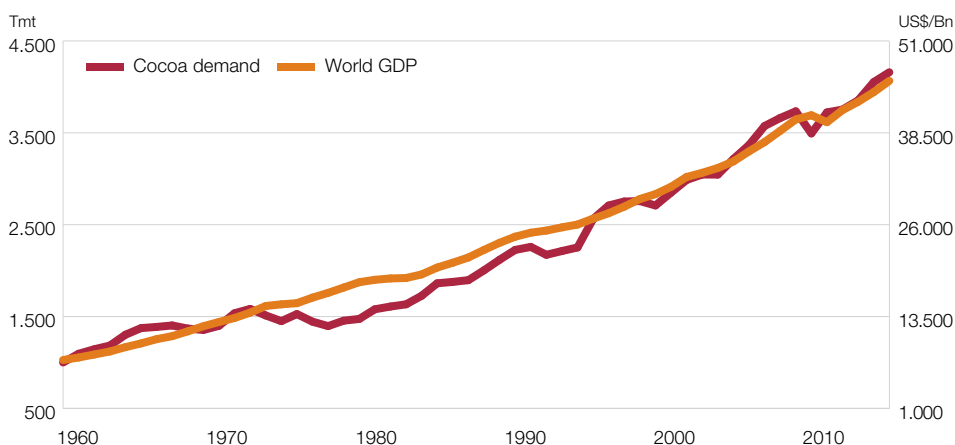
How can we solve this together? By working with farmers to dramatically improve knowledge and adoption of good agricultural practices – whether that is with the appropriate use of weeding and pruning techniques or the development of safer harvesting practices. By improving farmers’ incomes and providing better services for farmers, their families and their communities. And by providing farmers with the planting materials and other

inputs they need to invest in their farms and prepare for a successful future.

It’s all part of the Cargill Cocoa Promise, which we are rolling out in six origin countries according to local needs. We are all too aware of the unique challenges faced in each region, and although West Africa – and in particular, Côte d’Ivoire – is where we began our efforts, Ghana, Vietnam and Indonesia are now well on track and we are paying equal attention to our partnerships in Brazil and Cameroon, ensuring that cocoa is a viable crop for the long term.

Over time, the skills and opportunities we provide to farmers will improve their ability to react to price signals and other inevitable variables. This helps to avoid excessive booms or busts in the market – which have the potential to harm everyone in the supply chain, including farmers, manufacturers and consumers.

Cocoa demand growth



The forces shaping our approach
continued

Our presence



2. Partnerships to create the biggest impact

Working together strengthens our capabilities

Although Cargill Cocoa & Chocolate has been an early adopter of sustainability principles – working to implement practical, sustainable solutions for the past 10 years – we could not affect the level of change we see today without our many partners on the ground.

In each cocoa-growing region, we have partnered with numerous governmental agencies, non-governmental organizations and private partners. For example, we have worked closely with COCOBOD in Ghana, Le Conseil du Café Cacao and IDH (The Sustainable Trade Initiative) in Côte d'Ivoire and Swisscontact in Indonesia, to make sure programs are locally relevant and maximize their efficiency and effectiveness.

“The power of Cargill is that sustainable cocoa is intrinsic to its business model – the company knows that it needs to improve farmers’ livelihoods in order to meet the increased demand for cocoa products.”

Joost Oorthuizen, Executive Director, IDH

It’s important that everyone realizes their role and acts upon it

Every member of the supply chain – from farmers to governmental agencies to customers and consumers – plays a vital role in the cocoa sector, and has a unique strength and capability. Cargill’s operations are ideally placed to create links, affect change both up- and downstream and drive efficient supply chains and effective development practices.

It is vital that we use our capacity and extensive on-the-ground sourcing network to support the development of farmer organizations. Being smallholders, many cocoa producers find it difficult to access markets and receive a decent income from their crops. Farmer organizations and cooperatives can negotiate in the wider market on smallholders’ behalf; helping them to adapt to fluctuating prices and maintain a steady income over the long term. They are also essential for providing farmers with the inputs and training they need to make their farms successful. And they can reinvest their profits into local communities to improve access to basic services. We believe they will play a critical role in the long-term sustainability of the sector. It is for these reasons that developing strong farmer organizations is the foundation of our approach, and core to our ambition.

At the other end of the supply chain, we have a huge opportunity to meet our customers’ growing appetite for sustainable cocoa. And we are already

working closely with a number of them to reach their goals, as well as providing insight through the knowledge and experience we have in origin countries.

“Understanding that regional conditions vary widely is key to successfully implementing new programs in origin countries. When Cargill extended its Cocoa Promise program into Indonesia in 2013, together we worked with local partners on the ground to have the greatest possible impact.”

Manfred Borer – Swisscontact, an international development cooperation



World Cocoa Foundations’ CocoaAction is a commitment by leading global cocoa and chocolate companies, including Cargill, to an unprecedented level of coordination and alignment, aimed at developing and scaling effective farmer interventions in West Africa. CocoaAction calls for building a rejuvenated and economically viable cocoa sector through increased cooperation between industry members and governments.

“We at the World Cocoa Foundation are grateful to the technical and financial resources Cargill dedicates to working on CocoaAction and industry cocoa programs throughout the world.”

Bill Guyton, President, World Cocoa Foundation

3. Helping our customers thrive in their markets

Sharing the story of cocoa with customers and consumers

Today, more and more conscious consumers want to know exactly where their food is coming from, the circumstances of its production and the impact its purchase will have on producers. Our customers rely on us to provide them with the information they need to generate a credible and engaging story about the entire supply chain, as well as supply them with sufficient volumes.

Some of the world's largest manufacturers, retailers and local brands have already committed to 100% sustainable sourcing

of certified cocoa by 2020. As they move towards this reality, we must help them share the story of cocoa as clearly and as powerfully as possible.

Transparency is key

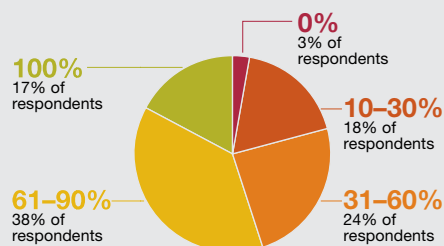
Because the cocoa supply chain is complex and diverse, transparency is essential to increasing customer and consumer activation around sustainable cocoa. We invite customers and partners to visit cocoa-originating countries, where they can see first-hand our work with smallholder farmers organizations; visit our buying stations and factories and enhance their understanding of the way the supply chain works.

“I was impressed by how closely Cargill works with all of its partners on the ground. They really put the cooperatives at the very center of their programs, and are prepared to adapt as needed when they see what works and what doesn't. Visiting the farmers definitely helped me to understand Cargill's philosophy on sustainability and gave me confidence in their approach.”

Roland Haffke, CFO, Griesson-de Beukelaer GmbH & Co.KG



Our Know Cocoa survey asked customers how much sustainable cocoa they thought their company would buy by 2020



Source: Know Cocoa Survey, 2013 – a customer survey conducted by Cargill Cocoa & Chocolate.

47% of customers

The proportion of Cargill's food ingredient customers that said "operating responsible supply chains" was most important to them in our 2013 customer review.

The forces shaping our approach continued

Making a tangible difference

We see an increasing amount of customers investing a great deal in sustainable cocoa – and plan to do so even more over the coming years. In return, we need to be transparent about those investments and provide evidence that they are making a positive difference in the long term.

Increasingly, reporting needs to incorporate clear proof of tangible change. That is why we are building on the measurement systems we have already established, developing comprehensive indicators to assess the impact of our actions and demonstrate the improvement generated by programs on the ground. This allows us to track both inputs (such as the number of farmers trained and volumes certified) and outputs (such as improved knowledge of pest and disease control management and solid entrepreneurial skills).

The next step is to consistently measure the impact of all of our activities on a broader scale, using impact assessment frameworks and the skills of our existing in-house research and consultancy team.

When combined with anecdotal material, this is the kind of information that cocoa and chocolate manufacturers can use to engage and activate consumer demand in a credible way. It means consumers can understand the current situation in origin countries, as well as the difference that they can make by buying sustainable products – creating a much more compelling proposition.

Our goal? Successful farmers and engaged customers

I am convinced that we are heading towards a fundamental shift, and that there will be a consensus that sustainability is indeed good for everyone.

Being more transparent about the challenges smallholders face and the difference we can all make is absolutely fundamental to this shift.


That is why I am really pleased to see that our programs are making a tangible difference. Farmers interviewed in 2013 by LEI, a leading Agricultural Economics Institute, said that the farmer training and certification program in Côte d'Ivoire had led to better incomes for their cocoa and a renewed enthusiasm for their trade.

Also, farmers surveyed by us across Côte d'Ivoire said that they had experienced average yield increase of 35% thanks to our Farmer Field Schools.

Companies' sustainability targets reflect an evolution in both customer and consumer expectations, and it is absolutely vital that we continue with open communications. By listening to each other's needs and leveraging each other's resources, we can continue to engage and make sure that there is a bright and rewarding future for the entire cocoa sector.

Jos de Loor
President, Cargill Cocoa
& Chocolate



 Please read on to learn about the tangible difference the Cargill Cocoa Promise has made.



2

**Making progress
on the Cargill
Cocoa Promise**

Making progress on the Cargill Cocoa Promise
continued

The Cargill Cocoa Promise is supporting three key areas that we believe can make real and lasting differences to the cocoa supply chain – training farmers, strengthening communities and enhancing farming. Please find below an update of our key achievements.



Farmer training

What's our ambition?

To provide all the farmers with which we work the knowledge, skills and support to increase the productivity and profitability of their farms in a responsible and sustainable way.

What are we doing?

- Running on-the-ground training programs to increase productivity, yields and incomes
- Extending capacity in farmer organizations
- Using certification as a meaningful tool for change

Key achievements

115,825

farmers trained on good agricultural practices

10

days of training on average per farmer per year

919

extension agents trained to deliver training at Farmer Field Schools

1,955

lead farmers have completed advanced training



See page 12 to read more about the progress.

**A thriving cocoa sector
for generations to come.**



Community support

What's our ambition?

To strengthen cocoa-growing communities and promoting social development by ensuring access to basic services, such as education and healthcare.

What are we doing?

- Working to promote and protect the rights of children
- Improving access to education
- Increasing access to health, safety and wellbeing services for families

Key achievements

US\$939,000

invested in social projects in cocoa-growing communities in 2013

34,000

children provided with improved access to education

37

schools and kindergartens built in cocoa-growing communities

8,720

farmers trained additionally on the issue of child labor



See page 18 to read more about the progress.



Farm development

What's our ambition?

To supply smallholder farmers with the knowledge, inputs and finance they need to make good decisions and run a successful farm over the long term.

What are we doing?

- Regenerating farmland through access to innovative technology
- Enhancing biodiversity and conservation in local environments
- Enabling improved infrastructure and financing

Key achievements

19,000

farms applying crop protection

25.3m

seedlings distributed

650

demonstration plots established to demonstrate appropriate use of pesticides and fertilizers

342,209

hectares of farmland certified by independent certification bodies



See page 22 to read more about the progress.

**Empowered cooperatives
and farmer organizations.**

Farmer training

Providing farmers with the knowledge, skills and support they need to increase the productivity and profitability of their farms in a responsible and sustainable way.

Why is this important?

Most of the world's cocoa comes from roughly 6 million smallholders who are dealing with ageing crops, pests, diseases and unpredictable weather patterns. Often their practices and techniques have been handed down from previous generations – which can mean that farmers are not getting the best performance from their crops that comes with access to latest knowledge on best practices.

Training farmers in good agricultural practices provides them with the means to significantly improve their profitability through productivity, while training on business skills improves profitability through professional farm management.

Good agricultural practice is a prerequisite to benefiting from even larger yield improvements thanks to improved plant material, crop protection and fertilizer. For these reasons, it is the cornerstone of our approach.

Attending farmer training and farmer business school also helps farmers to form social networks to support each other and share knowledge.

Intervention logic

Training

Farmers learn basic good agricultural practices and farm economics through Farmer Field Schools

Skills

Farmers build knowledge through repeated attendance of Farmer Field Schools, and through knowledge sharing with other farmers

Implementation

Farmers apply their knowledge in the field

Results

Farmers experience the benefit of their knowledge and continually implement best practices

2,547

Farmer Field Schools established

115,825

farmers trained on good agricultural practices globally

919

extension agents trained to deliver training at Farmer Field Schools

Running programs to increase productivity, yields and incomes

Extending our reach globally

In close cooperation with our partners, we opened our first Farmer Field School in Côte d'Ivoire in 2008. Today, our network of schools is key to connecting with farmers directly and increasing the productivity of tens of thousands of farmers around the world.

We have trained over 115,000 farmers in good agricultural practices. The course is intensive, encouraging farmers to complete new training modules every year.

Most of our progress to date has been in Côte d'Ivoire – which now has 1,800 Farmer Field Schools, situated in production areas, close to where crops are grown. We are scaling up the model in other origin country locations, particularly in western Africa. In Ghana last year, we established 80 Farmer Field Schools in partnership with COCOBOD, Solidaridad and Akuatua Adamfo, a Licensed Cocoa-Buying Company (LBC). In Cameroon, there are 223 schools and 7,000 farmers have completed their first years of training.

“We are pleased to be partnering with Cargill, training farmers around the world as they work towards stronger crops and better prices. Cargill Cocoa & Chocolate was an early adopter of sustainability principles in origin countries, and has been an industry leader with initiatives to ensure a better livelihood and quality of life for farmers and their communities.”

Hans Perk, Solidaridad – an international organization creating fair and sustainable supply chains

From training to impact

At Cargill, we believe that it's insufficient to do a one-off training. It is critical to run training programs over the long term to reinforce behaviors and help farmers turn their knowledge into everyday farming practices. Some of our farmer schools have been running for six years, meaning we are making a significant, long-term impact in those areas.

We are working with research agencies to understand and learn more about how our training impacts farmer behavior.

An independent study conducted by LEI, a leading socio-economic research institute in the Netherlands, showed that farmers who have been participating over the long term in farmer training programs in Côte d'Ivoire earned on average 53% more than recent entrants, and have higher levels of knowledge and better farm practices. It also revealed that compared to the average gross national per capita income in Côte d'Ivoire of US\$2,000, cocoa farmers connected to the program have a gross household income averaging US\$3,500.

“Before, I produced between 500kg and 800kg from two hectares. In the last season, I did one ton. With training, we learned to love our plantations. Before, we hardly put our feet there. It was a job for laborers. Now we go more often.”

Dioligbi Guitry, Farmer, Côte d'Ivoire
Source: LEI impact study



Encouraging leadership and knowledge sharing in Ghana

In Ghana, we have developed a successful model to enhance farmers' collective knowledge. Communities nominate one lead farmer for each group of 30 smallholders. Lead farmers then receive advanced training on a range of themes, which they take back and share with their fellow farmers. It is our way of getting advanced knowledge to more cocoa farmers. Working in partnership with LBC Akuatua Adamfo and with COCOBOD's extension agents, we have trained 114 lead farmers in Ghana. We plan to train another 284 by the end of 2014, and we have started similar models in Indonesia, Vietnam, Cameroon and Brazil.

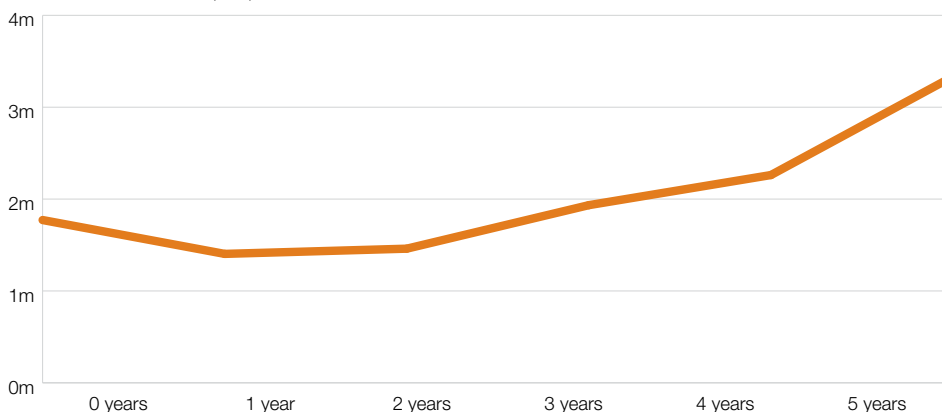
1,955

lead farmers have completed advanced training in Ghana.

Net income from cocoa

CFA based on length of participation in the support program

Gross household income (CFA)



Source: LEI impact study on Cargill-Solidaridad program

Farmer training
continued

Extending capacity in farmer organizations

Bringing farmers together creates benefits

Efficient farmer organizations give farmers improved access to markets and infrastructure. They provide a hub where farmers can connect with one another, build up their networks and share knowledge. By strengthening farmer organizations, we are supporting vastly improved economic and social conditions for farmers – and without them, reaching out to smallholders individually would be almost impossible.

Cargill supports the establishment of new farmer organizations and empowers those already up and running, through access to expert agricultural and business knowledge. In total, we have supported 240 farmer organizations – the majority in Côte d'Ivoire – by training their leaders in management skills and project development. We have also worked with Socodevi, a network organization for cooperatives, and the government in the southwest region of Cameroon, to set up eight cooperatives.



McDonald's recognizes Cargill for supply chain achievements
In March 2014, McDonald's honored Cargill Cocoa & Chocolate in its "Best of Sustainable Supply" report.

Improving livelihoods through holistic farmer training

Our farmers' training is broad, giving farmers the variety of skills needed to create a multitude of positive effects on cocoa farming productivity and farming profitability.

Farmer training





The Coop Academy in Côte d'Ivoire – empowering cooperative leaders

In order to be successful, farmer organizations need the skills to manage operations and finances and to develop their business.

The Coop Academy is a unique, industry-first program that provides cooperative leaders with the knowledge to improve the day-to-day running of their cooperatives and, crucially, enables them to develop the skills to grow their business successfully. In doing so, they can provide better support to farmers and make cocoa supplies more sustainable.

We started the program in 2013 with ten of our partner cooperatives. The leadership course, which we ran with our partners, was offered to four people in each cooperative – including the Managing Director and the CFO.

The program combines 28 days of intensive classroom training with a year of personalized on-the-ground coaching, to help each cooperative to develop and implement an improvement plan.

The Coop Academy runs in partnership with IDH, TechnoServe, IFC (International Finance Corporation) and INPHB (Institut Nationale Polytechnique Houphouët Boigny).

The Coop Academy builds on developing both soft and hard management skills through training and hands-on coaching. And it's a model that can be replicated very quickly if successful.

Désiré Bankole, the Country Director of TechnoServe in Côte d'Ivoire

Thanks to the skills I have learned at The Coop Academy, we've been able to apply an annual budget, implement a procedure book and create a development plan for the future.

Yao N'Dri Pascal, President of the ECASO Cooperative in the Soubre region of Côte d'Ivoire

Farmer training
continued

Using certification as a meaningful tool for change

Certification is not only an incentive to encourage farmers to embark on the training programs. It provides independent assurance and validation for consumers that the products they purchase are made as a result of farmers and cooperatives working responsibly and sustainably.

Although there are differences per origin, our programs pass on an average of two-thirds of the certification premiums paid

by our customers to farmers and farmer organizations. This provides a financial reward for adopting more sustainable practices. The remaining third of the premium is used for various investments to improve the programs, including program development, training materials, infrastructure support and monitoring and verification.

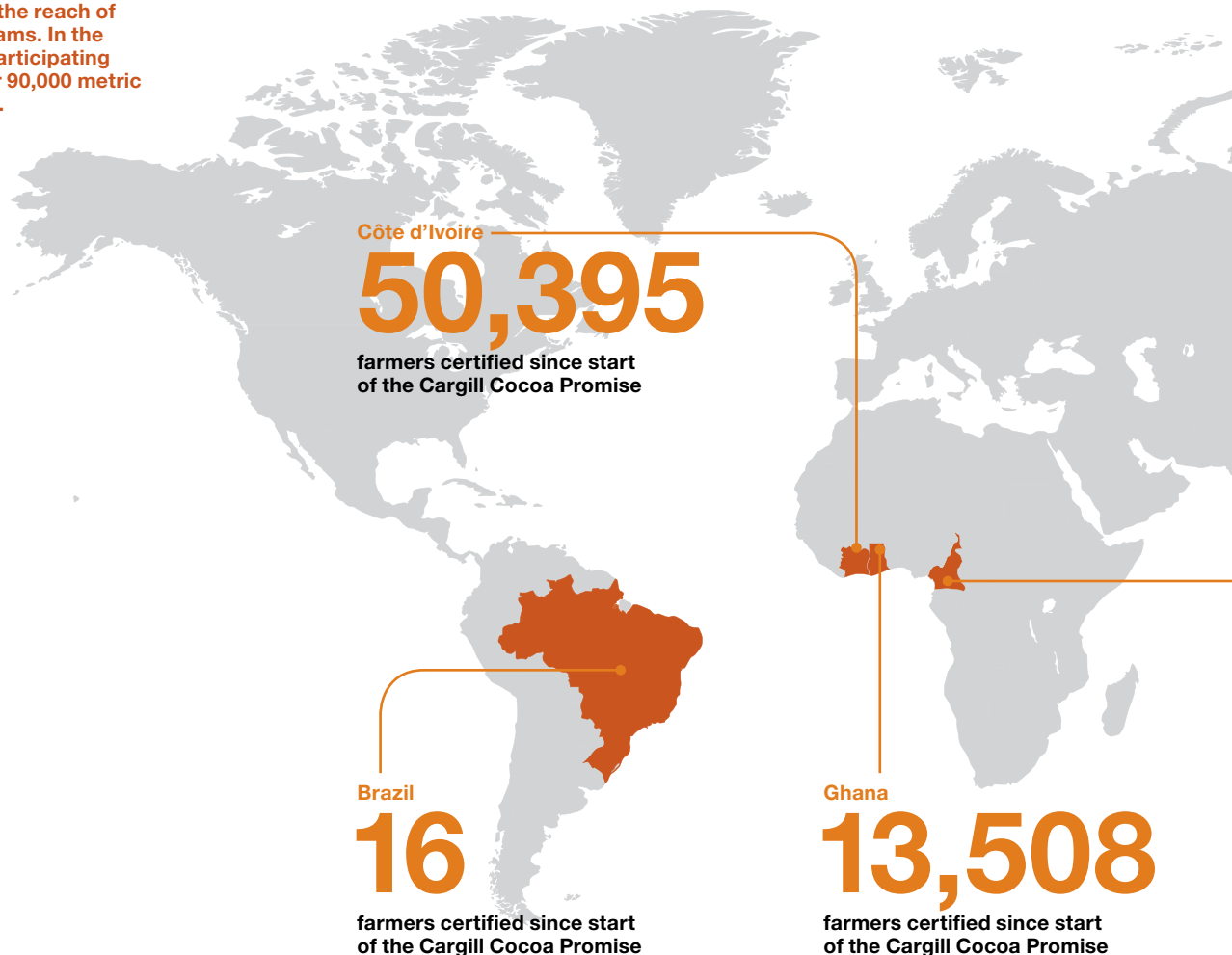
Since the launch of our certification programs, a total of US\$25 million has been made available in cash premium payments to farmers and farmer organizations globally.

In 2013, we conducted a study of 81 cooperatives in Côte d'Ivoire, to better understand how farmer organizations use these funds. Out of the premiums received, 90% was used to improve the development of the cooperative, its members and/or the local community.

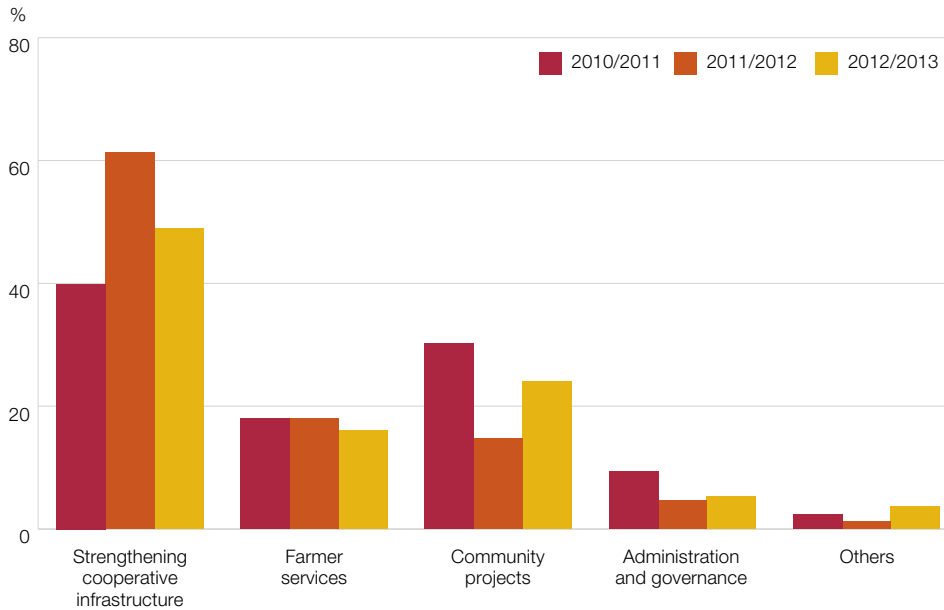
This is very encouraging feedback, and strengthens our belief that supporting cooperatives in the development of cocoa communities is critical to making progress.

In the 2012/2013 crop year, our partner cooperatives received US\$6.25 million as their part of the total certified premium. On top of, a similar amount was made available to farmers.

This map summarizes the reach of our certification programs. In the 2012/2013 crop year, participating farmers produced over 90,000 metric tons of certified cocoa.

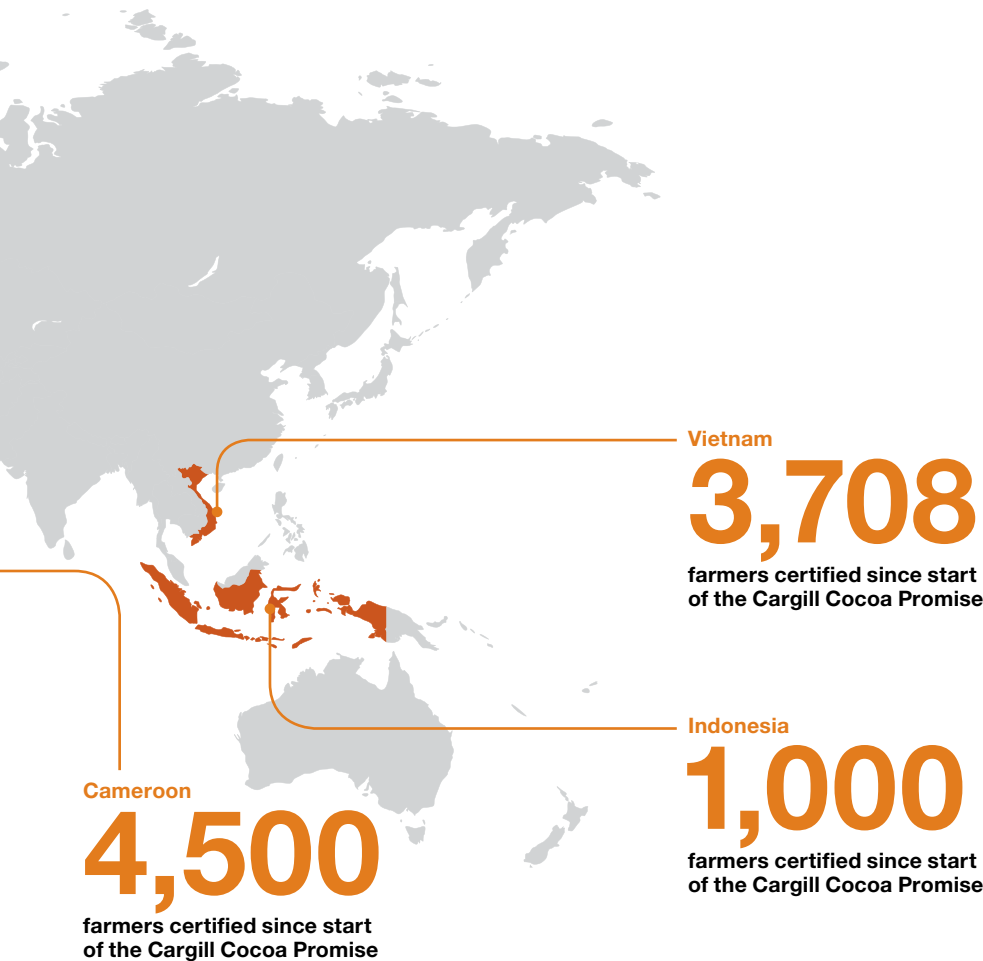


How cooperatives invest their cash incentives



Source: Cargill

To validate our programs and provide transparency we work with major independent certification bodies: UTZ Certified, Fairtrade International and Rainforest Alliance.



Community support

Strengthening cocoa-growing communities and promoting social development by ensuring access to basic services, such as education and healthcare.

Why is this important?

Many cocoa-growing regions face socio-economic challenges, with communities lacking access to basic amenities. Providing these services has a significant impact on the quality of life of farmers, their families and their communities.

Strong, cohesive communities also facilitate knowledge sharing and support among smallholders. Improved livelihoods and wellbeing mean that farmers are more likely to invest in their farms. And in prosperous communities, younger generations are more motivated to stay and work in the cocoa sector, rather than migrate to the city.

Farmer organizations play a crucial role in community development. As independent organizations they can respond to community needs and sustain long-term change by investing their profits in social projects.

Working to promote and protect the rights of children

The challenge we face is complex, as the root cause of child labor issues is often poverty. For this reason, it is vitally important that we continue to improve cocoa growers' productivity and incomes, as well as overall community wellbeing. Creating access to education provides children with better opportunities that can avoid the risks of child labor. See "Educating young people" in this chapter for more information on how we are bettering educational opportunities.

8,720

In partnership with the International Cocoa Initiative (ICI), 8,720 farmers were trained in 2013 to protect and improve the rights of children as an integrated part of our farmer training approach. In total 70,000 will be trained.

In addition, we need to raise awareness of child labor issues and children's rights in farming communities. The most effective way for us to do this is through farmer training. That is why we have worked in partnership with the International Cocoa Initiative (ICI), a leading organization addressing child labor issues in West African cocoa-growing communities, to develop a specific training module.

"Working with Cargill and ANADER, we've been able to ensure that thousands of farmers get specialist training on child labor issues to thousands of farmers. Cargill's Farmer Field Schools gives us, and the ANADER agents we train, unrivalled access to farmers in an established learning environment."

Nick Weatherill, Executive Director, International Cocoa Initiative (ICI)

In Côte d'Ivoire, 425 extension agents received four days of intensive training from ICI on the issue of child labor and sensitization, equipping them with the skills to effectively train farmers. The project will reach more than 70,000 cocoa producers before 2016.



Supporting cooperatives to invest US\$2.4m in education and healthcare

“The course is very rich and comprehensive and we really go deep into the problem. We first had an overview of the various national and international laws relating to child rights and child protection. We were then presented with the causes and consequences of child labor, and finally analyzed how to tackle the issue.”

Christiane Koudio Agoussi,
Farmer Field School trainer and participant
of the ICI training course

An impact study conducted by LEI found that farmers who have been participating over the long term in our farmer training program in Côte d'Ivoire are more aware of labor and children's rights than those who have been participating for a shorter period of time. Although we realize that we still have a long way to go, these statistics give us confidence that training is having a positive impact.

In 2014, we launched a new US\$2.4m partnership with CARE International and the Conseil du Café-Cacao in Côte d'Ivoire to deliver improved education and healthcare for 14 cocoa-growing communities.

We have worked with cooperatives to conduct assessments on community needs and discuss how they would like to invest their premiums. In general, 50% of the cost of their chosen project will be funded by project partners, and 50% by the cooperative – using premiums generated from selling sustainable cocoa.

All of this has taken place in agreement with the Ivorian Ministry of Health and Ministry of Education, to ensure alignment with Côte d'Ivoire's national policies. That means providing not just the buildings, but also all of the necessary rooms. For example, a school would include a teacher's office, canteen and latrines.

The aim is to provide 1,500 children with education and improve access to dispensary clinics for 25,000 people. We are in the process of selecting more cooperatives to benefit from this program so that we can support them in making a positive difference in their communities.

This project is running alongside The Coop Academy; helping newly trained cooperative managers to take the lead on how their money is invested to improve their communities.

 You can read more about
The Coop Academy on page 15.

“As a cooperative, we are committed to playing a development role within our communities. Thanks to the support of the Le Conseil du Café Cacao and Cargill we are able to co-invest in a school package, which will have a decisive impact on the future of children of the Sahue community. Thanks to what we have learned from CARE, we would like in the coming years to multiply these types of initiatives to make the best out of the cooperative part of the certification premium for the benefit of our members and their families.”

Georges Bitty Souho,
President
of Cooperative CAMENE

“Since our global partnership began, Cargill has embraced CARE's emphasis on having the people in the communities that we serve taking a leading role and identifying problems and developing solutions that they can sustain themselves. This project does just that and will help CARE to reach more cocoa farmers than ever and benefit more children than ever in Côte d'Ivoire.”

Sidibe Balla Moussa,
Managing Director CARE,
Côte d'Ivoire

Community support
continued

Educating young people

Education is a cornerstone for development. Thriving communities start with educated individuals. Illiteracy and poor education are common in many of the rural communities that we source cocoa from. Basic education can improve their quality of life, stimulate the development of local business and markets and provide more opportunities in cocoa-growing communities.

We have helped improve access to basic education for 34,000 children in cocoa-growing communities. For example:

- In Ghana, we have distributed 100,000 school books in cocoa-growing communities, and trained 850 teachers, to improve their capabilities. We have also introduced our first Zubabox – a converted solar-powered ship container filled with 20 computers. This will be used to educate 350 children and improve their computer literacy skills
- In Côte d'Ivoire, we have donated 18 laptops to the National School of Agronomy (Ecole Supérieure d'Agronomie) in Yamoussoukro

→ In Vietnam, we have built seven schools in cocoa communities where we operate.

Healthy, happy communities

Safety and wellbeing services

Besides education, it is important that we provide access to health, safety and wellbeing services, as many of the communities we work with struggle with the effects of poor nutrition and infectious disease. As well as having a direct benefit on the livelihoods of people in cocoa-growing communities, access to these services helps safeguard the community for future generations of cocoa farmers.

Again, we are using our farmer training model as an efficient and effective way to reach as many smallholder farmers as possible. We have trained over 99 extension agents in Indonesia to deliver training on good nutritional practices. So far, they have reached 3,971 farmers.

Strengthening communities at a local level

Each community has different needs, and it is important that we give them the financial support and guidance required to develop based on those needs. We work with local partners – including the government, NGOs and specialist institutions – to make sure programs are appropriate. And we regularly consult with the communities to develop and implement “Community Action Plans”, which set out what the community most needs and how those needs are going to be implemented. 110 communities in Ghana have benefited from Community Action Plans, as have 14 communities in Côte d'Ivoire, with another 86 planned by the end of 2017.

Cooperatives and farmer organizations play a key role in community development – because their profits are shared among their members and invested in local communities.



Working with CARE to improve the livelihoods of 49,000 Ghanaians

We have been working with the NGO International in Ghana since 2006, and estimate that the partnership has already positively impacted around 49,000 people living or working in cocoa communities.

Today, we are present in 110 communities in the Central, Ashanti and Brong Ahafo regions to support about 6,000 farmers, their families and their communities.

The results so far are positive. We facilitated the graduation of over 6,000 children from primary school by the end of 2012. We have also reached out to 1,500 parents, through parent teacher associations and community groups, to improve children's education and nutrition.

Over the next three years, we are aiming to further improve child education and nutrition in Ghana through:

- Training of 850 teachers in Ghana in nutritional guidance
- Working with over 3,000 parents to improve their knowledge on nutrition
- Helping 12,500 Ghanaian students to graduate from primary school

And improve education levels through:

- Getting more children to attend school, and using daily follow-ups to ensure they are attending
- Improving training for teachers
- Engaging with parents through parent teacher associations and school management committees



Providing joint opportunities for mothers and children

We are working with The World Cocoa Foundation (WCF) on a project to improve opportunities for mothers in Côte d'Ivoire, through the CCDF (Cocoa Community Development Fund).

During the pilot phase of this project, 30 women from the community of Anno, all of whom have children in school, were awarded grants of US\$250 to undertake a small business project and to cover yearly school fees for the coming academic year. Each one of them has received training on basic business skills, basic accounting, budget preparation and business planning. The training also covers children's rights and mitigating the spread of HIV/AIDS and malaria.

The women have now started their small businesses. 18 are engaged in agricultural activities (producing food crops and vegetables), seven are involved in petty trading, four are running restaurants and one is running a tailoring business.

“Since I received the scholarship and the three-day small business training, my life has completely changed. I have better self-esteem and I am more confident running my business, the proceeds of which will help my husband and I to support my daughter to complete her studies. She is now 11 and thanks to God she will reach secondary school next academic year. In our community, girls used to have few options.”

Boka Nahou Roseline, a mother who benefited from the CCDF

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schools and kindergartens built across Côte d'Ivoire, Indonesia, Vietnam and Brazil

34,000

children provided with improved access to education

Farm development

Supplying smallholder farmers with the knowledge, inputs and finance they need to make good decisions and run a successful farm over the long term.

Why is this important?

In many cocoa-growing regions there are old and unproductive farms, which are often exposed to pests and disease – and yet most farmers have no access to high-yielding, quality and pest and disease resistant planting material to begin farm rehabilitation.

There is also declining soil fertility and a lack of access to and knowledge about the appropriate application of fertilizer, alongside poor land management practices.

Ageing crops, reduced soil fertility, pests and disease are all threatening cocoa production. Managing these conditions, preserving the environment and improving farm resilience are vital for the long-term success of the sector. Thriving, productive and profitable crops will help ensure that the next generation will want to continue working as cocoa farmers.

Regenerating farmland

The majority of cocoa farms, particularly in Côte d'Ivoire and Ghana, are between 20 and 30 years old. Rejuvenating farms with young, productive, disease resistant seedlings that respond better to change of inputs such as fertilizer and crop protection is essential to increasing yields. We have distributed over 25 million seedlings to farmers globally. A large proportion of these have been planted in the Pará region of Brazil – where seedlings are supporting growth in cocoa production. The rate of growth of cocoa production in the region is now around 10% annually.

Enabling better access to financing and farm inputs

Demonstration plots offer space for farmers to receive training on the appropriate use of fertilizer and crop protection, and access the materials they need to improve farm productivity. We have set up 650 demonstration plots across Brazil, Côte d'Ivoire, Cameroon, Ghana, Indonesia and Vietnam.

Of the 650 demonstration sites, 25 have nurseries, where farmers can access seedlings and learn how to look after young seedlings.

Using our network to distribute inputs

With the right investment, cocoa productivity can increase significantly. Already, in Côte d'Ivoire, we have seen that yields of over 800–1,000 kilograms per hectare are achievable in a smallholder context. In many cases, this is a 100% increase of current yields.

The appropriate use of inputs such as fertilizers and crop protection help farmers to maximize current cocoa yields without compromising the future of their farms or local environments. We help them to gain access to the inputs, as well as the financing, for fertilizers and crop protection, to invest in their farms and plan for the future.

Cargill's extensive on-the-ground networks include not just partnerships with farmer organizations, but also buying stations in all the major cocoa-growing regions. Together, these form an efficient delivery model to store and distribute and provide access to fertilizer, crop protection and planting materials to farmers.

All these projects foremost serve to prove their effectiveness and scalability. Our farm development programs are always closely coordinated with governmental policies and approved by the relevant agencies.

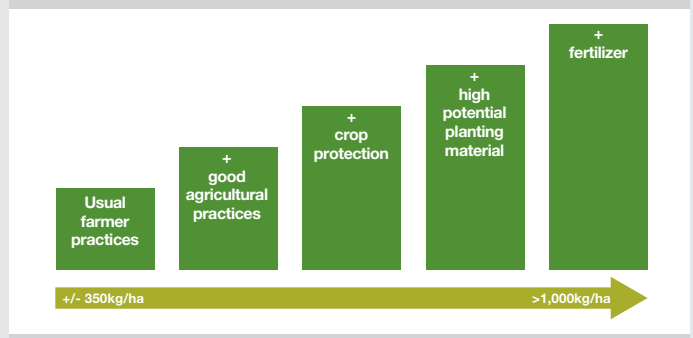
Average increase in income for farmers of US\$380 per hectare per year

25.3 million seedlings distributed

40% Average yield in the treated plots increased by up to 40%

650 demonstration plots established to demonstrate appropriate use of pesticides and fertilizers

>19,000 farms applying crop protection



Partnering with Syngenta to protect crops in Côte d'Ivoire

In 2012, Cargill and Syngenta began a partnership to help cocoa smallholders in Côte d'Ivoire improve their yields and revenues through better crop protection. The partnership has been named Yiri+, which means "tree" in a local Ivorian language.

The pilot phase of the project has been a great success. Over 750 spray applicators have been trained in the safe and efficient use of crop protection; with 100 ANADER (local Government partner) trainers able to deliver the training. We have also distributed over 400 farmer training kits and established 43 demonstration plots.

"I saw an improvement in my cocoa crops after Farmer Field School, and now the Yiri+ training has improved my yields even more. It means that I can plan for the harvest ahead and improve the way that I run my farm."

Farmer on the Yiri+ program

Most importantly, the program is delivering positive results for farmers. Average yield in the demo plots increased by up to 40%, resulting in an average increase in income of US\$380 per hectare per year. For an average Ivorian farmer, who owns three hectares, this would translate into US\$1,139 of additional annual income.

Working through our partner cooperatives, the program gives farmers the opportunity to invest in crop protection products themselves. Providing Syngenta with such direct access to farmers means that products can be offered at a competitive price while limiting the company's financial

exposure. And we give farmers the flexibility to pay as and when their harvest is delivered to the cooperative. The program also offers access to high-quality protective equipment, spraying machines and crop protection product storage.

All of this is complemented by practical on-the-ground training, which covers pest and disease recognition and management, as well as the safe, efficient and appropriate use of spraying machines to apply crop protection. The training is supported by a dedicated manual which uses simple pictures to aid learning and has been approved by Le Conseil du Café Cacao and the Department Protection des Végétaux et du Contrôle de la Qualité.

These results of this pilot project are preliminary, but we are pleased to see the project is moving in the right direction and we are now expanding it. We are aiming to add this program to our farmer training in Côte d'Ivoire, delivering it to 70,000 farmers a year through Cargill's 1,800 Farmer Field Schools in cocoa-growing regions.

"This is a mutually beneficial partnership, contributing to both the Cargill Cocoa Promise and Syngenta's Good Growth Plan. We are really pleased that the program is already having a tangible impact for farmers – we have certainly achieved more with Cargill than either of us would have alone."

Jan Suter, Head of Africa and Middle East, Syngenta



Farm development
continued

Encouraging appropriate use of farm inputs

We have provided guidance to farmers at over 15,000 farms in Vietnam on the appropriate use of crop protection through our Farmer Field Schools. And in Cameroon, 880 farmers have received training on the safe use of crop protection in a Syngenta-Cargill partnership and partner cooperatives.

But our biggest project to date has been the Yiri+ program – a crop protection initiative run together with Syngenta and partner cooperatives. Please see previous page for the Yiri+ case study.

Enabling the efficient usage of financial assistance

Credit schemes can provide farmers with the financing to invest in the inputs needed to optimize their farms' production. In 2013, we introduced a pilot input credit scheme in Ghana, to provide access to agricultural inputs and application equipment which farmers can pay back as they receive money for their harvest. So far, 116 farmers have benefited from an input credit scheme. The materials they most commonly request financing for are fertilizers, insecticides and fungicides.

In Brazil, financing systems for fertilizer have been set up for farmers in Bahia, in combination with training in good agricultural practices. Overall, the program has more than doubled farmer yields.



Using new technologies and techniques

Recent studies estimate that more than 65% of Ghana's rural residents have access to mobile phones. That is one of the reasons that we have partnered with Hershey's, COCOBOD and the WCF to support their CocoaLink program. This first-of-its-kind program uses mobile technology to deliver practical information on agricultural and social programs to rural cocoa farmers and enables them to ask questions and provide feedback. We have helped by rolling out the program to 6,000 farmers in Ghana.

Securing the next generation of cocoa trees





A young farming couple tend to the young cocoa trees in their nursery.

Enhancing biodiversity and conservation in local environments

Biodiversity is key to sustaining healthy ecosystems. And healthy ecosystems are better equipped to recover from natural disasters, including extreme weather events and crop disease outbreaks.

Traditional cocoa farms were high in biodiversity because they were planted in the shade among other crops and trees. Many cocoa farms no longer look like this, which is why we are working with farmers and local partners in Ghana to plant shade trees in and around cocoa plantations. To date, we have distributed 46,300 shade trees covering 2,082 hectares. Through our training, farmers learn that they must plant a minimum level of shade trees in order to qualify for certification as sustainable growers.

Shade trees increase local biodiversity and provide habitat for many species of birds and mammals. The larger shade trees also preserve soil quality by increasing the recycling of nutrients in the field – they take up nutrients that shallow-rooting cocoa trees cannot access and return them to the cocoa trees by dropping leaves and branches.

Reforestation in Brazil

In Brazil, we are helping to preserve biodiversity by replanting deforested areas. We have made a US\$3 million commitment to The Nature Conservancy, which is working in the north of Brazil to restore deforested lands and grow 1,000 hectares of cocoa in the shade of the forest canopy. The project is also training two technical experts and creating two Demonstration Unit areas for practical classes for farmers in the field.

**1,000
hectares**

of cocoa to be grown in
north Brazil in the shade
of the forest canopy

**342,209
hectares**

of farmland certified by
independent sustainable
certification bodies



3

**Mapping the way
forward for the
Cargill Cocoa Promise**

Views on the future from Cargill employees.

1. Saskia Samama

Marketing Manager,
Sustainable Cocoa

2. Irena Schmidt

Sales Director, Germany
and Austria

3. Pither Sutardji

Sourcing Manager, Indonesia



A strong legacy with clear goals

Together with our partners, we have accomplished a lot since we first started working with farmers in Côte d'Ivoire over 10 years ago. Looking ahead, our ambitions for the future are clear: Accelerating progress towards a transparent global cocoa supply chain, while enabling farmers to achieve better incomes and living standards, and delivering a sustainable supply of cocoa and chocolate products.

But, as the world around us changes, and the expectations of the various players in the cocoa and chocolate supply chain evolve, we need to be constantly aware of any challenges we might face and seek out the best opportunities to make progress.

A future built on customer partnerships

It is crucial that we understand the dynamic markets customers operate in – including their consumers' concerns – and that we listen very carefully and understand where customers are in their journey. Here we face the challenge of carefully balancing the short-term dynamics of our customer's needs with the understandable time-consuming speed of change in a cocoa-producing environment.

Ultimately, our goal is make a meaningful difference in origin countries, and engage in long-term partnerships with our customers. We want to provide them with all the information they need to answer the concerns of consumers – and even engage new consumers with sustainable cocoa.

“Lots of hard work has gone into building trust in our partnerships with farmers, and we do the same with our customers. Customers are looking to us for advice on how we can support them achieve what they committed to when it comes to sustainability.”

Saskia Samama, Marketing Manager, Sustainable Cocoa

“I think education works both ways here. It's difficult for our customers to have a very clear picture of the complexities of an on-the-ground sustainable system. I am convinced there is a role for us here.”

Irena Schmidt, Sales Director, Germany and Austria

A future that's more transparent

Our industry is highly complex. If we want to get people engaged with the issues, we need to be clear about what we stand for and ensure that we are transparent about the supply chain and its impacts. Our firm belief is that consumers are willing to engage, and customers are willing to engage and invest, but they need to know that they are making a difference.

In the future, we will continue to raise the bar in terms of showing people what we do – focusing on being transparent about the impacts of our activities, and providing insights into how customers' investments are contributing. This will come in the form of our on-the-ground experience which allows for measurements as credible evidence that things are changing for the better, and strong long-term partnerships.

“Recent research has shown that in Asia, 83% of the consumers rate sustainability as either a quite high or very high influencer on their purchase decisions. Helping customers to connect with consumers on these issues will be a priority moving forward.”

Pither Sutardji, Sourcing Manager, Indonesia

Mapping the way forward for the Cargill Cocoa Promise continued



- 1. Taco Terheijden**
Director, Sustainable Cocoa
- 2. Lionel Soulard**
Managing Director, Cargill,
West Africa
- 3. Rodrigo Melo**
Origination and Risk Manager,
Brazil

“Improved transparency, particularly around impact measurement, is important for everyone in the supply chain. If people can understand the challenges that smallholder farmers face in origin countries, as well as the difference that they can make, it will encourage people to take action. As we are committed to be a frontrunner, this is something we need to work on.”

Taco Terheijden, Director, Sustainable Cocoa

A future with empowered farmers around the world

We also need to work with our on-the-ground partners to extend the reach and depth of our work in origin countries. This means benefiting more smallholder farmers and cocoa-growing communities, and working with the farmers to advance their farms and farming practices further.

We are currently finalizing our strategy for Indonesia, planning how we are going to increase our presence on the ground and reach more farmers. We are on the way in Cameroon, and we will continue to build capacity there. The same goes for Ghana, where we are seeing the first positive results and we are going through a strategic review to find the most effective and efficient model to get closer to the farmers.

So, although the largest amount of work is happening in Côte d’Ivoire, we will continue to use all of our knowledge and insights on best practices to make them relevant for other regions.

“In the long term, it’s very hard to establish new origin countries, so we will focus on the countries that we already work with. It’s likely that the next million tons we need will come from West Africa, and most likely from Côte d’Ivoire.”

Lionel Soulard, Managing Director, Cargill, West Africa

“In the future, I think we need to be really clear about our role in the supply chain – connecting farmers and customers. And we need to make sure that we partner with and listen very carefully to the other stakeholders, especially farmer organizations, so that we can work together to create the best possible outcomes. This clarity around roles and responsibilities means we all know what we’re doing to have the biggest impact. And there is absolutely a role for everyone in creating a more sustainable future for cocoa and chocolate.”

Rodrigo Melo, Origination and Risk Manager, Brazil

A thriving cocoa sector for generations to come

Since we launched the Cargill Cocoa Promise, the way that the industry thinks about sustainable cocoa has evolved tremendously. More and more players are talking the same language – and there is a very clear drive to make the most of the resources, effort and money that is being put in, so that we can work effectively and more efficiently together. In that respect the CocoaAction plan is a good example of the industry’s alignment and collaboration.

The Cargill Cocoa Promise shows that we are clear on what we do and transparent in the way that we do it. And it is our commitment to collaborate with farmer organizations, origin country governments and customers to make farmers successful for generations to come.

Dialogue is key to the ongoing development of the Cargill Cocoa Promise – both in origin countries and with our customers.

So, please let us know what you think. If you have any feedback on our Cargill Cocoa Promise, ideas that you’d like to share or programs on which you’d like to partner, get in touch.

Get in touch:

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