

Sustainability
Progress Report

2018 - 2019

Cocoa and Chocolate



Table of Contents

Published May 2020



Introduction

- 3 President’s welcome
- 4 Our approach
- 5 Taking cocoa to the cloud
- 7 Impact at a glance

Farmer Livelihoods

- 9 Progress at a glance
- 10 Spotlight: Beyond cocoa: taking a holistic look at farmer resilience

Community Wellbeing

- 12 Progress at a glance
- 13 Spotlight: A localized approach to tackle child labor in Indonesia

Protect our Planet

- 15 Progress at a glance
- 16 Spotlight: From satellites to farmers: a multi-layered approach against deforestation

Consumer Confidence

- 18 Progress at a glance
- 19 Spotlight: Connecting data to measure and report on supply chain sustainability

Transformation, together

- 21 Progress at a glance
- 22 Spotlight: Coop Academy 2.0: Strengthening more cooperatives with management tools

Responsible Business

- 24 Operating in a safe, responsible and sustainable way

About

- 26 Cargill
- 28 Cocoa and Chocolate
- 29 This report

Dear stakeholders

The world is faced with extraordinary challenges. The ongoing COVID-19 pandemic is testing our resilience as a global community. This reminds us how interconnected our world is, and how important it is to look out for those who need it most: the cocoa-growing communities. Cargill is dedicated to creating lasting benefits for cocoa farmers, their families and communities, and empowering them to *thrive*. This is more relevant than ever.

Increasingly I see how embedding technologies and partnerships in the sector enable us to continuously drive value for farmers, customers and the sector at large. With the help of mobile applications, we provide farmers with more tailored support, information and training, so they can prosper while considering the environment. These applications also deliver fair and secure electronic payments to farmers, as well as swift, effective communications when immediate issues arise, for instance, on [protective measures against COVID-19](#).

Digital technology enables us to provide our customers with fast and transparent sustainability data, helping them measure and report the impact they achieve through the Cargill Cocoa Promise. As of this year, half of the cocoa in our global direct supply chain is traceable from farm to factory, with the help of barcoded cocoa bags and digital Cooperative Management Systems. Today, 72 percent of farmers are reached with GPS polygon mapping. In combination with satellite imagery, this enables us to effectively monitor deforestation risks. On our website, we started to disclose all farmer organizations in our direct sourcing network in Ghana and Côte d'Ivoire, with the other countries to follow. For these technologies to generate lasting impact for farmers, the partnership and actions by all actors are crucial levers to scale up.

Several noteworthy steps are taking place in the industry. We have seen the governments of Ghana and Côte d'Ivoire be a force for sustainability with initiatives like the Living Income Differential and exploring the setting of sub-regional standards. These efforts contribute towards standards that meet our expectations and those of our customers for a sustainable cocoa sector. Year on year, I see the network of stakeholders that are willing to drive change collaboratively expanding and deepening its impact. When we align on interventions, make data openly available and measure progress together, I am positive we will achieve more transformational results.



Transparency is imperative and we are committed to continuously improve and refine how we show the progress we make. This report focuses on progress both towards our goals and against the data of the previous year; it highlights many great accomplishments. We reached more than 210,000 farmers with training to strengthen their capacity on Good Agricultural Practices, we scaled one-on-one coaching to farmers in all five sourcing countries, and we reached a total of 2,491 communities with tailored community programs. This would not have been possible without the ongoing dedication of our customers, colleagues, NGOs, governments and, above all else, the farmers and farmer organizations. I want to thank you all for being such valuable partners on this journey. There is a lot more to be done, but I am confident that if we continue to connect our efforts, we can achieve lasting positive impact, together.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'H' followed by a long horizontal stroke and a small loop at the end.

Harold Poelma
President Cargill Cocoa and Chocolate

Connected for More: our approach towards a thriving cocoa sector

Our vision

At Cargill we take the responsibility and the opportunity to act across the cocoa sector, connecting different stakeholders to drive lasting change. We aim to connect every dot in the cocoa supply chain for maximum transparency using cutting-edge digital technologies where possible. We take a holistic look at the sustainability of cocoa and work with our partners towards a common cause: a thriving cocoa sector for generations to come.

Our commitment

In 2012, we launched the Cargill Cocoa Promise. This is our commitment to accelerate progress toward a transparent global cocoa supply chain, to enable cocoa farmers and their communities to achieve better incomes and living standards sustainably, and to deliver a sustainable supply of cocoa and chocolate products. This aspiration is reinforced by our five 2030 Sustainability Goals which are aligned with the UN Sustainable Development Goals. Together with our Theory of Change, these goals provide a framework through which

we continuously monitor, evaluate and report our impact. This also includes how we source other chocolate ingredients, run our factories safely, decrease our environmental impact and govern our business with integrity.

Our principles

To reach our goals, every initiative is guided by the following principles:


Transparency and Assurance: We build a supportive market ecosystem by promoting supply chain, financial and impact transparency, including third-party assurance through certification programs.

Evidence-based: We continuously learn and adjust to improve the impact of our work and better equip all of our partners for a more sustainable future.

Scalable: We design programs that are adaptable across the local contexts of different sourcing regions.

Technology-driven: We harness the power of technology to rapidly and effectively deploy our programs at scale.

Our goals





Farmer Livelihoods


GOAL
We will champion professional cocoa farming practices, to strengthen the socio-economic resilience of cocoa farmers and their communities

TARGET
1 million farmers benefiting from the services of the Cargill Cocoa Promise

+ Read more









Community Wellbeing


GOAL
We will enhance the safety and wellbeing of children and families in cocoa farming areas


TARGET
1 million community members benefiting from the services of the Cargill Cocoa Promise


+ Read more



















Protect our Planet


GOAL
We will promote environmental best practices in our business and across our supply chain

TARGET
Zero deforestation in the cocoa supply chain

+ Read more









Consumer Confidence

GOAL
We will help consumers around the world choose sustainable cocoa and chocolate products with confidence

TARGET
100% farm to factory traceability of our cocoa beans
100% chocolate ingredients sourced in line with our supplier code of conduct

+ Read more






Transformation, together

GOAL
We will use the power of partnerships to accelerate and magnify our efforts to achieve a level of sector transformation that cannot be accomplished alone

+ Read more

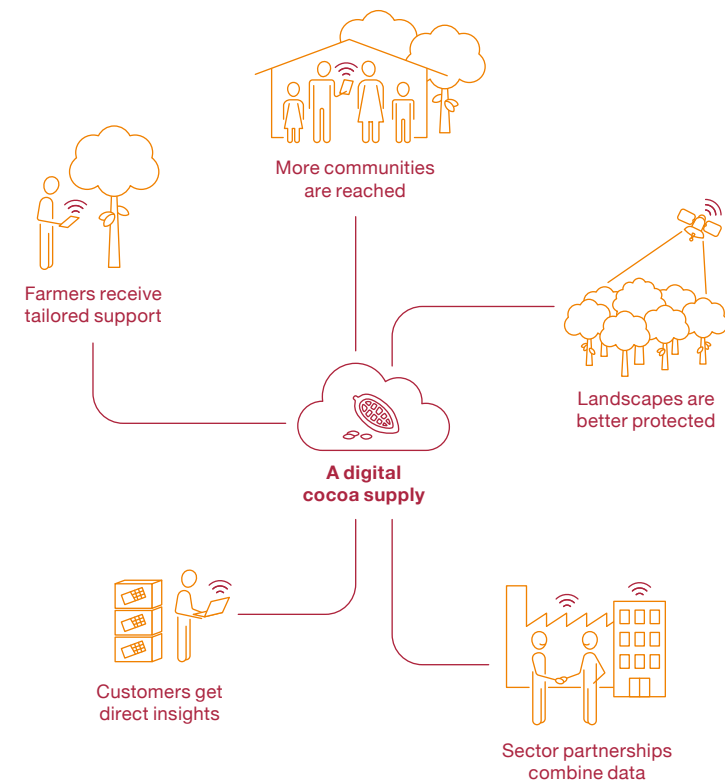


Taking cocoa to the cloud: how digitization benefits all, from farmers to consumers

Digital transformation is driving change in every business sector, and the cocoa value chain is no exception. We act across the entire supply chain, connecting stakeholders at many different levels. By leveraging the power of technology, we aim to spearhead the sector's journey toward greater transparency and create lasting impact for all stakeholders, especially in cocoa-growing communities.

Farmers receive more tailored support

Digitization in cocoa-growing countries is increasing at a fast pace, providing a significant opportunity to accelerate change in the cocoa sector. Smallholder farmers around the world are increasingly getting access to web or mobile applications. Mobile information services for farmers can significantly transform the way we, and others in the sector, can interact with farmers and farmer organizations. Through mobile applications, farm developments are captured continuously, so we can measure the effects and tailor our services. They also provide a means for two-way communication with farmers, providing them with customized and actual insights on climate and market fluctuations as well as on protective measures against COVID-19. These solutions are becoming increasingly integrated, providing a complete interface where farmers can manage the progress of their business, costs and potential loans. Voice messaging is effective here, too, as it can reach farmers in a variety of local languages, while mobile banking provides farmers with fair





and secure electronic payments. As farmers digitally capture the progress of their cocoa business, they are better connected to input providers and local banks, which contributes to a virtuous cycle for livelihood improvement.

More communities are reached

Digitization plays an important role for community-wide progress. Mobile applications are attractive to young people, catering efficiently to the next generation of cocoa farmers. As it significantly leverages

financial access in rural communities, digitization catalyzes empowerment and entrepreneurship in cocoa-growing communities, including women and young farmers. Digitized Village Savings and Loan Associations (VSLAs), for instance, can digitally capture payment data and progress data of loans for financial providers, who normally make many field visits. As a result, loans become more accessible for groups in remote communities. In 2020, we will initiate digital VSLAs in Ghana, together with CARE International.

Landscapes are better protected

Tackling deforestation and restoring landscapes starts with knowing where to look. Digital tools, such as GPS-powered tablets, enable us to make polygon maps of all the farms in our supply chain. We also work together with the World Resources Institute's Global Forest Watch initiative, which provides satellite imagery and machine learning techniques to identify forest change at a very fast pace. Our farm polygon maps are overlaid with their recent satellite data of forests and protected areas to see if deforestation has potentially taken place in our supply chain. Without this technology, it would be very difficult in many cases to see where and when deforestation might have happened.

Customers, and their consumers, get direct insights

Cocoa takes a long journey. In different forms, it moves from warehouse to warehouse and across many borders. Digitization along the supply chain provides customers, and their consumers, with radically transparent and holistic insights into the origin of cocoa. At Cargill, we put digital technologies to work to collect extensive information about changes on cocoa farms, farmers, their communities and landscapes. With the help of barcoded cocoa bags, we then track the journey of cocoa electronically from farm to factory, for half of the cocoa farmers in our direct supply chain, so that our customers know exactly where their cocoa comes from. In this way, customers, and their consumers, are directly connected to the story of cocoa at the origin level, growing their confidence in sustainable cocoa.

Sector partnerships combine more data

Through digitization, companies' interventions like ours can be connected to industry-wide initiatives, such as the Cocoa and Forest Initiative and the Living Income Community of Practice. As datasets across the industry become more extensive and mature, there is a sector-wide opportunity to share, combine and analyze the datasets in a harmonized manner and derive actionable insights collectively.

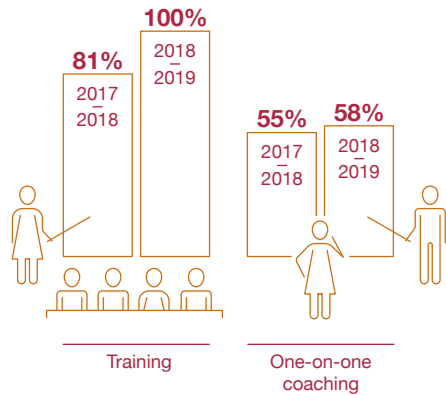
Towards open source data for more progress

Our journey to a more sustainable, digitally enabled cocoa supply chain is ongoing. Every day a wealth of data is captured with the help of digital technologies. Our data platform currently holds 300 indicators, which is an ever-increasing number. As intelligence enters the cloud near real-time, we believe data should become increasingly open source to benefit all, especially cocoa farmers. A huge array of possibilities will be opened up when we combine farm, geospatial and household data. When we put deep learning and big data to work in cocoa, the sector will be able to better tailor support services to farmers and measure the effects. We envision making such innovations deployable, together with partners, in the coming years. This motivates us to continue and scale data and technologies along our supply chain, and we envision it will provide even more benefits for all in the future.

Impact at a glance 2018-2019

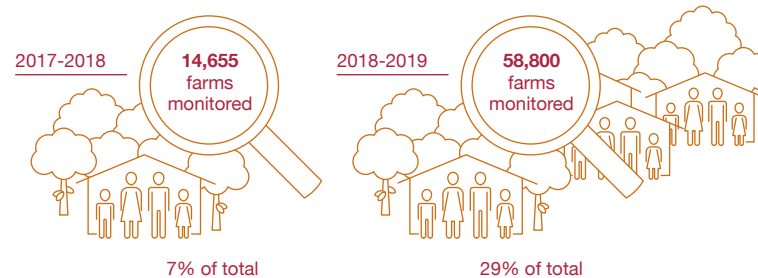
Goal 1: Farmer Livelihoods

More than 210,000 farmers benefiting from one-on-one coaching and/or training on Good Agricultural Practices



Goal 2: Community Wellbeing

More Child Labor Monitoring and Remediation Systems (CLMRS)



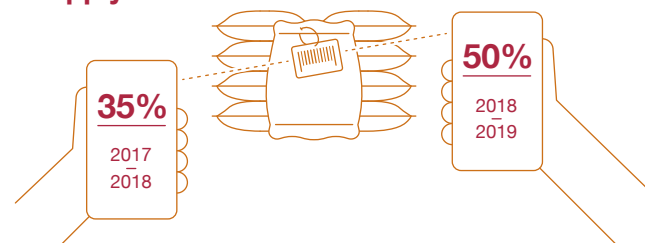
Goal 3: Protect our Planet

More GPS mapping to protect our planet



Goal 4: Consumer Confidence

Towards full farm to factory traceability of our direct cocoa supply chain



Goal 5: Transformation, together

New partnerships with sector partners



Farmer Livelihoods

Our ambition

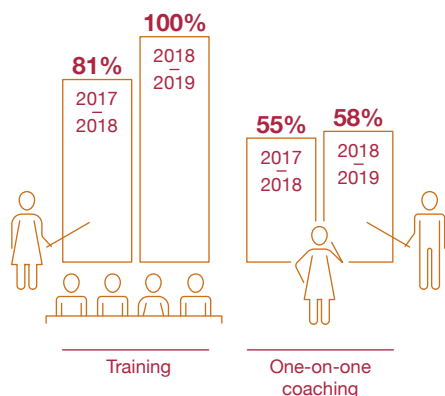
Our entire industry depends on the success of cocoa farmers. Cargill helps smallholder farmers navigate fluctuating socio-economic and environmental conditions by building their capacity, improving their access to resources and increasing their resilience.



Building the capacity of all farmers in the cocoa supply chain

Progress at a glance 

More than 210,000 farmers benefiting from one-on-one coaching and/or training on Good Agricultural Practices



This year we reached all farmers in our direct supply chain globally with training on Good Agricultural Practices (GAP). Coaching is showing some promising results this year: In Ghana, there was a 20 percent increase in GAP adoption, which is a promising result.

More farm improvement via access to digital information sources



121,187

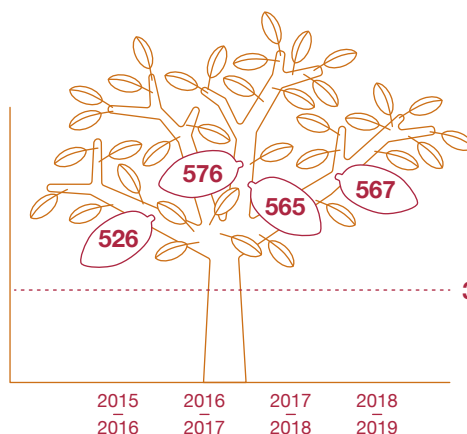
development plans have been drawn up by farmers in all five countries of origin, of which 114,888 have been recorded digitally.

1,000

farmers receive voice messages on managing their farms in Côte d'Ivoire.

More capacity strengthens productivity

Yields in Côte d'Ivoire in kg of cocoa per hectare.



Since 2015-2016 productivity of farmers has increased due to the one-on-one coaching that we initiated next to training on Good Agricultural Practices (GAP). Productivity depends on many factors, such as weather changes, but compared to country averages, the farmers we work with are reaching higher yields.

2030 Target

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

Approach

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

Key progress

This year we reached all farmers in our direct supply chain globally with training on Good Agricultural Practices (GAP). We scaled one-on-one coaching for farmers significantly in Côte d'Ivoire and all farmers in West Africa who are coached have digital Farm Development Plans in place. In Ghana, coaching resulted in a 20 percent increase in GAP adoption from 2017-2018 to 2018-2019. In Indonesia, we saw promising results with a yield increase of 17 percent between the two crop years for the nearly 25,000 farmers. Additionally, we successfully initiated diversification programs in Cote d'Ivoire and Brazil.

Learnings and next steps

Segmenting farm households based on farmer aspirations and the agronomic potential of their farms provides valuable insights for more tailored coaching. Next, we aim to continue scaling up our training and coaching, while tailoring it more to the local context with individual, digital and long-term Farm Development Plans. We will also ramp up our efforts to support diverse income opportunities and will launch digital farm applications for farmers in Ghana and Indonesia in 2020.

[+ Read more on our website](#)

Beyond cocoa: taking a holistic look at farmer resilience

Cocoa farmers are exposed to a variety of external variables that make it hard to consistently attain a living income. Strengthening the socio-economic resilience of smallholder farmers is crucial for farm households to thrive. With a new tool, we now measure the resilience of cocoa households, looking beyond income alone.

Resilience beyond income

Cocoa farmers are particularly susceptible to shocks such as price fluctuations, weather events and crop disease. This can

directly disrupt the livelihoods of farmers and their households. To successfully build their resilience, we consider improving their incomes, as well as other interconnected factors. Based on local circumstances, we are better able to adapt our services to farmers and emphasize farming methods or other practices that increase their resilience.

A new tool to measure resilience

In addition to our Farm Economic Model, which allows us to estimate the income of farm households, we developed a new tool with Wageningen University and Research to also assess non-financial factors that influence farm household resilience. This tool combines 25 indicators from farmer

household surveys and public sources, such as satellite imagery. It covers indicators on all livelihood assets of a household, ranging from human (GAP adoption, education), financial (living income gap, financial literacy) and social (farmer organization, community committees) to natural (shade and forest cover, biodiversity) and physical (infrastructure, water and sanitation). The tool has been successfully tested among 1221 farmer households in West Africa and will be scaled to Indonesia and Brazil too.

A role for income diversification

For most cocoa farmers, cocoa accounts for about 70 percent of their income. But being too dependent on cocoa is risky. To strengthen farmer livelihoods, we look beyond cocoa and also support on- and off-farm diversification for financial, social and environmental benefits:

- **Agroforestry**, growing cocoa in conjunction with other trees, provides farmers with additional produce to sell and it improves climate, soil and water regulation on the farm. In Brazil, we provide farm inputs and training for rubber production for 200 cocoa farmers.
- **Small livestock keeping** provides additional income and nutritious food. It can be implemented at a group level to benefit multiple households. In Côte d'Ivoire, we initiated a poultry hatching program together with five groups of women.

What's more

To improve farmers' long-term financial planning, we increasingly work with digital Farm Development Plans as part of our coaching program. To improve household resilience, we also support the empowerment and entrepreneurship of women and young farmers.

➕ [Head to Community Wellbeing for more](#)

- **Food crop production** generates additional income and improves household food security. In Côte d'Ivoire, we started a maize and tomato program with 130 farmers.



Community Wellbeing

Our ambition

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

Strengthening cocoa growing communities everywhere we operate

Progress at a glance 

Empowering more women with training

2017-2018
19,548
9% of total



2018-2019
31,992
15% of total

More communities benefiting from tailored programs

Of all communities reached with the Cargill Cocoa Promise, more are supported with programs. These are tailored to community needs, covering topics such as child protection, education, healthcare, nutrition and women's empowerment.



219
Community action plans

2,491
Community programs

2030 Target

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

Approach

To reach specific community needs with the Cargill Cocoa Promise, we work with various partners to implement concrete solutions related to healthcare and nutrition, education, addressing child labor, and improving access to economic opportunities for women and young farmers.

Key progress

In 2018-2019, we significantly scaled the number of communities reached with programs. We supported more VSLAs, together with CARE, and reached more farmers with Child Labor Monitoring and Remediation Systems (CLMRS). After Côte d'Ivoire, we are now implementing these systems in Ghana and Cameroon.

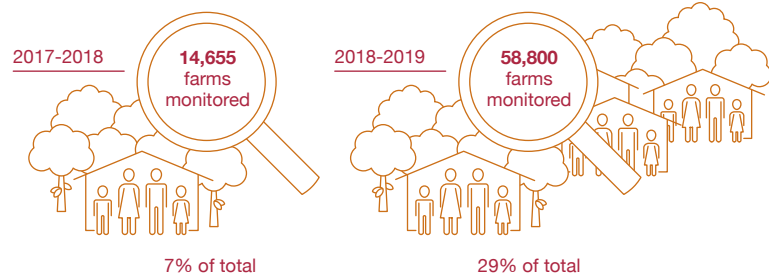
Learnings and next steps

We will expand community programs in Cameroon and will provide 500 children in cocoa growing communities with scholarships. In Ghana we are initiating digital VSLAs, together with CARE, and are planning the construction of schools. We are also initiating a program with Save the Children to empower 500 young people in Côte d'Ivoire. Next, we will implement a tailored approach to CLMRS in Indonesia together with Save the Children and conduct a needs assessment on child labor in Brazil. We will also conduct human rights due diligence assessments within our indirect supply chain.

[+ Read more on our website](#)

More Child Labour Monitoring and Remediation Systems (CLMRS)

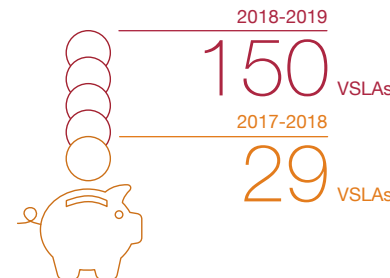
These systems are now implemented in Côte d'Ivoire, Ghana and Cameroon.



More Village Saving and Loan Associations (VSLAs) supported together with CARE

121 new VSLAs were initiated in Côte d'Ivoire in 2018-2019.

In 2020, the first digital VSLAs will start in Ghana.



A localized approach to tackle child labor in Indonesia

One child performing work that is dangerous or that might harm their health or education is one too many. As cocoa farming countries and communities vary, there is no one-size-fits-all solution to prevent child labor. We are now tailoring our approach to the Indonesian context.

Investing in farming communities to invest in the future

Most of the world's cocoa is grown on small family farms. As households struggle, they sometimes feel they have no other option than to use child laborers on their farm. As tackling and eliminating child labor is a key priority across the cocoa sector, we are working closely with government, civil society and other partners. We take a three-fold approach: prevent, monitor and remediate. This is integrated in our Child Labor Monitoring and Remediation Systems (CLMRS). Developed in conjunction with the International Cocoa Initiative (ICI), this

systematic process uses local coaches to visit farms year-round to monitor child labor. While scaling this approach in Côte d'Ivoire, Ghana and Cameroon, we initiated the development of a similar approach in Indonesia.

Assessing child labor in Indonesia

In 2019, we conducted a risk assessment to understand child labor on Indonesian cocoa farms, in collaboration with human rights consultancy Embode. This assessment covered our indirect and direct supply chain in Indonesia. It showed that children in Indonesia often go to school but could be working on the family farm after school, on weekends or during school holidays. The

"Our joint ambition for this transformational partnership is to generate breakthrough solutions for children and families in Indonesia. Together, we will enable communities to monitor the welfare and safety of children as well as to take preventive and responsive measures against any issues that can affect children's growth and development."

work can range from light work, such as collecting pods, to less safe tasks, such as carrying heavy loads. Child labor can also become more common during peak periods like harvesting.

Bringing a tailored initiative to Indonesian communities

Only by working directly with cocoa-farming communities and local partners can we address child labor sustainably. For Indonesia, we are partnering with Save the Children; together, we will adapt our child labor training to the Indonesian context and raise awareness among Cargill staff and partners. We will start with a localized CLMRS to farmer communities in South



Photography by
Minzayar Oo/Panos/Save the Children

Sulawesi. We aim to reach 5,000 households in the pilot, which then will be scaled to additional areas.

What's more

In 2020, we will conduct a child labor needs assessment in Brazil. We take a holistic approach to preventing child labor, looking at other household and community factors. Strengthening the resilience of cocoa-growing families – for example, through diversification of household income – can play an important role in decreasing child labor risks.

Selina Patta Sumbung
CEO Save the Children Indonesia

[+ Head to Farmer Livelihoods for more](#)

Protect our Planet

Our ambition

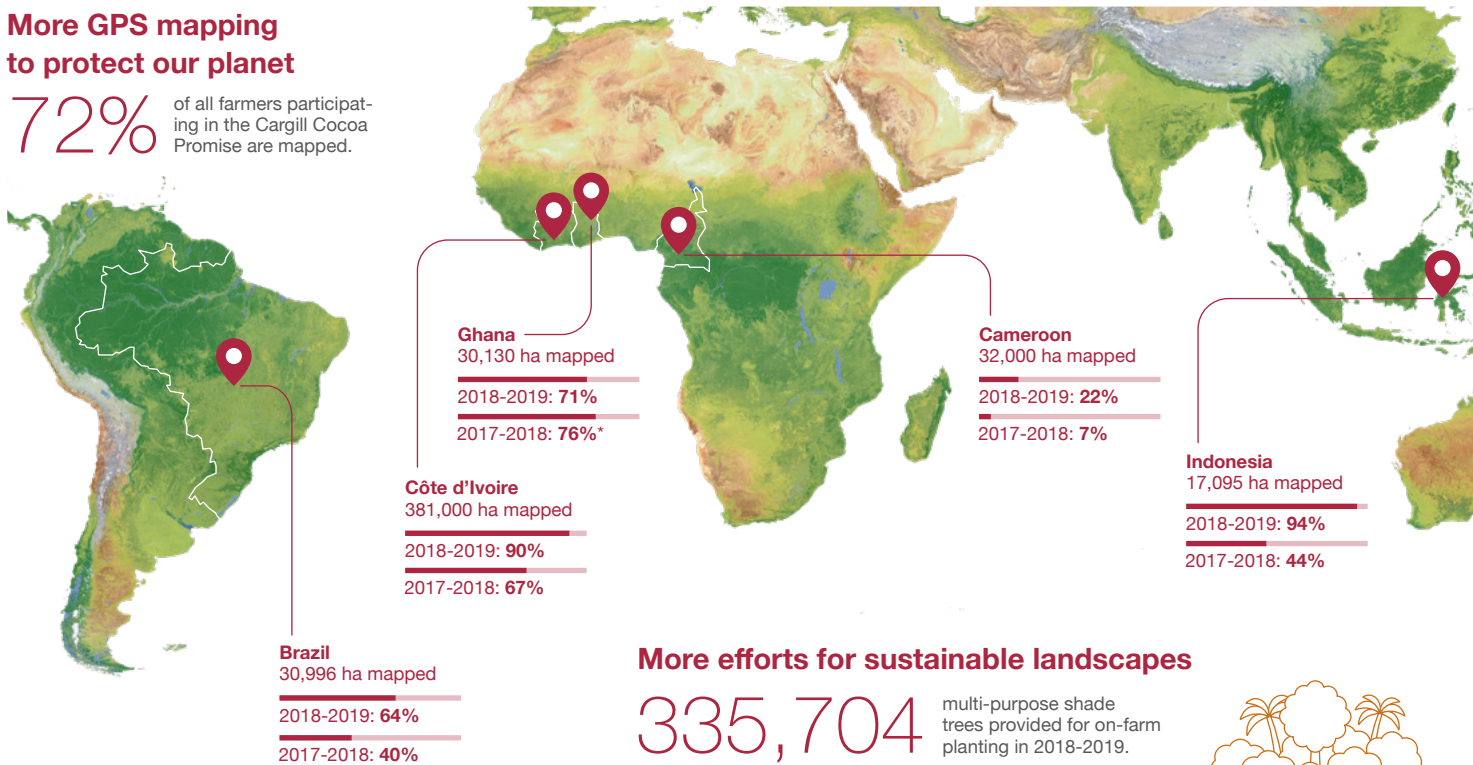
Cargill is committed to transform its supply chain to be deforestation free. We help cocoa growers adopt sustainable farming practices and increase on-farm tree cover. This is how we build sustainable landscapes that balance cocoa production with the conservation of forests, and how we contribute to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

Scaling our efforts to end deforestation and restore forest areas across sourcing landscapes

Progress at a glance 

More GPS mapping to protect our planet

72% of all farmers participating in the Cargill Cocoa Promise are mapped.



More efforts for sustainable landscapes

335,704 multi-purpose shade trees provided for on-farm planting in 2018-2019.

8,240 farmers supported to adopt agroforestry systems in 2018-2019.



2030 Target

Zero deforestation in our cocoa supply chain.

Approach

Protect Our Planet is our strategic action plan to eliminate deforestation from the cocoa supply chain. It outlines concrete actions to achieve 100 percent cocoa bean traceability, to expand programs to grow more cocoa on less land, and to support farmers to effectively include agroforestry and conservation practices on their farms.

[+ Read more in our Strategic Action Plan](#)

Key progress

We significantly scaled the number of farmers reached with GPS mapping, from 41 percent in 2017-2018 to 72 percent in 2018-2019. Using these maps we developed a methodology to assess deforestation risks in our supply chain, drawing on best practices from WRI's Palm Risk Assessment. We also distributed significantly more multi-purpose shade trees and promoted cocoa-agroforestry to help farmers improve their livelihoods while halting further deforestation for cocoa cultivation.

Learnings and next steps

For agroforestry interventions to have the intended effect, it is important to identify market linkages and potential land tenure constraints in a local context. Before initiating any programs, we evaluate which additional trees are most viable for farmers. In 2020, we will scale community-based agroforestry and reforestation initiatives in Côte d'Ivoire, reaching seven new cooperatives and 1,800 farmers. And we will scale our shade tree distribution efforts in Côte d'Ivoire, Ghana and Brazil to help more farmers plant and grow trees on their cocoa farm.

[+ Read more on our website](#)

* The relative % mapped decreased, as our supplier base grew in Ghana from 2017-2018 to 2018-2019.

From satellites to farmers: a multi-layered approach against deforestation

Deforestation in cocoa growing landscapes is among the biggest environmental challenges facing the cocoa sector. To prevent deforestation and restore degraded landscapes, we deploy innovative technologies to identify risks and take action together with farmers, communities and the sector.

Mapping farmland

Our approach to deforestation starts with field technicians who use GPS devices to

“The enthusiasm we see from Cargill to facilitate industry collaboration, is a signal that they are seeking harmonization and overall positive impact within the cocoa sector.”

Caroline Winchester

Africa Commodities and Applied Solutions Manager
Global Forest Watch

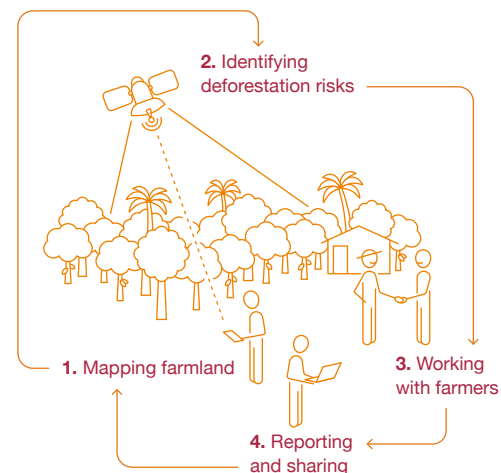
collect information about farm boundaries and create polygon maps of the farms from which we source. So far, we have mapped 72 percent of all farmers in the Cargill Cocoa Promise, representing over 400,000 hectares of farmland.

Identifying deforestation risks

We use satellite technology to determine where forest remains and where forest loss has taken place. We do this by using geographic information systems (GIS) software as well as geospatial data and analytical methods available on the World Resources Institute’s (WRI) Global Forest Watch Pro platform. By overlaying and combining the farm maps with the geospatial satellite data, our teams can see changes in tree cover that occur at our cocoa suppliers. Our risk assessment methodology, drawing on best practices from WRI’s Palm Risk Assessment, evaluates the deforestation related impacts in our supply chain, so that we can prioritize our interventions in high risk areas. We also see great opportunity for wider industry collaboration to arrive at a harmonized risk assessment approach for greater impact and would welcome such an effort.

Taking action with farmers

With this data in hand, we work closely with farmers and farmer organizations. So far, we have worked with over 8,000 farmers in Côte d’Ivoire and Ghana on agroforestry and reforestation programs. In Pará, Brazil, we are now piloting a program with Imaflora, providing coaching and services to support 150 farmers in restoring degraded pastureland. Cocoa agroforestry will enhance shading and micro-climatic protection of cocoa trees, improve biodiversity and offer alternative sources of income.



Reporting and sharing

Wider industry collaboration on sharing data, best practices and learnings has the power to halt deforestation in a harmonized way. We are committed to share our insights and work closely with the industry and governments in origin countries, for instance through the Cocoa and Forests Initiative (see our [progress report](#)).

What’s more

We continue to ramp up our forest protection and restoration efforts, including a partnership with Descartes Labs to integrate bi-weekly radar-based technologies to compliment satellite imagery. To enable farmers to practice agroforestry and other climate smart practices at scale, these efforts need to support viable economic opportunities. For this reason, we incorporate forest protection and restoration practices in our coaching and training across all sourcing countries.

➕ [Head to Farmer Livelihoods for more](#)

Consumer Confidence

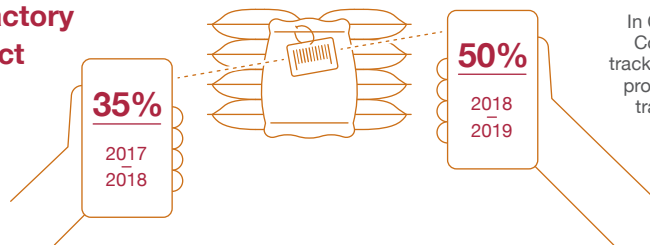
Our ambition

We know we must earn the trust of everyone who enjoys our products around the world. Cargill uses cutting-edge technologies to create transparency and connect with customers and their consumers to show how cocoa and chocolate produced the right way really does make a difference.

Reaching a fully traceable cocoa supply chain from farm to factory

Progress at a glance 

Towards full farm to factory traceability of our direct cocoa supply chain



In Côte d'Ivoire, 77,320 farmers are now included in digital Cooperative Management Systems. This system has now tracked 151,190 metric tons of cocoa beans. These systems provide a digital interface for cooperatives so that they can track the cocoa beans up to farm level and manage information on inventory, costs and outstanding loans.

Third-party certified sustainable cocoa volumes

Of our total volume, the percentage that is third-party certified sustainable, either via Rainforest Alliance or Fairtrade is slightly lower than last year due to lower market demand. It did increase for our direct supply chain.



Powering digital banking to ensure accurate and secure payments

Farmers are paid premiums by mobile banking:



2030 Target

100 percent farm to factory traceability of our cocoa beans. 100 percent of chocolate ingredients sourced in line with our supplier code of conduct.

Approach

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

Key progress

We have reached 50 percent farm to factory traceability with our technological innovations in Ghana and Côte d'Ivoire. In 2018-2019, we engaged extensively with the suppliers of cocoa in our indirect supply chain. We expect them to identify the risks in their supply chains related to human rights, child labor and deforestation. We also launched our interactive [Cargill Cocoa Promise Sourcing Partner Network map](#), which shows the names and locations of cooperative offices in Côte d'Ivoire and buying stations in Ghana that are part of our direct sourcing network.

Learnings and next steps

We plan to achieve 100 percent traceability in Côte d'Ivoire by 2021 and introduce Cooperative Management Systems in Cameroon. Progress is also well underway in Indonesia and Brazil through robust digital traceability systems. For our indirect supply chain, we have developed a due diligence system, which will enter its second phase of supplier engagement in 2020. We will also work with partners on sustainable chocolate ingredients, with a focus on dairy, sugar, vanilla and lecithin.

[+ Read more on our website](#)

Connecting data to measure and report on supply chain sustainability

Long-term progress on sustainability is dependent on maximum transparency. With the help of innovative technologies at every level in the supply chain, we provide timely insights that bring the full story of our sustainable cocoa to life for customers and partners.

A digitized cocoa supply chain

Digitization of the cocoa supply chain is opening up new horizons for knowledge and exchange of information, creating an ecosystem where decisions are shaped by data-driven insights. At Cargill we integrate a wide range of digital solutions together

with partners, ranging from GPS mapping to digital farm management. Each tool plays a role in monitoring and accountability.

Combining datasets for impact

Sustainability issues in the cocoa supply chain are interconnected. To integrate supply chain information and continuously monitor our impact, we created the Cargill Data Platform, which connects digital information of farmers, surrounding landscapes and programs. The platform links around 300 indicators on cocoa farmers, communities and landscapes in a central repository. This enables us to monitor sustainability challenges in supply chains holistically and combine information on sustainability issues and connect these to specific cocoa farms.

This gives us insights for internal decision making and for reporting to customers. We also analyze interdependent sustainability challenges, such as child labor incidence in relation to household income data.

This data platform brings the following insights together:

- Whether a farmer has a Farm Development Plan and is adopting Good Agricultural Practices;
- How farm productivity progresses over time;
- How premiums are extended towards farmers;
- Whether a farm is covered by a Child Labor Monitoring and Remediation System;
- Where a farm is located in relation to protected forests and areas of tree-cover loss.

Sharing insights with our customers

Our customers, and their consumers, want to know that the products they purchase are produced sustainably. Therefore, we continuously share insights and data in line with their sustainability ambitions. To showcase sustainability data more effectively, we are introducing our customer portal. This portal provides the option for customers to easily access sustainability data in an engaging and interactive way. We worked closely with select customers to develop customized view of their projects and give them clearer lines of sight into the cooperatives and communities they are supporting.

What's more

Digitization is crucial to connect insights in our supply chain. Our data platform is designed to scale, using standardized data whilst also allowing the integration of capabilities on new sustainability issues that arise. Data from the increasing number of digital tools across our programs will feed effectively into the platform.





Transformation, together

Our ambition

The journey toward sector-wide sustainability is far greater than the actions or interests of any one company. We all have a role to play. Cargill works closely with farmer organizations as well as competitors, customers, NGOs and smallholders, connecting our individual strengths to contribute to achieving a goal that is in all of our interests: a fair and secure cocoa supply chain.

Using the power of partnerships to amplify our impact

Progress at a glance 

PUR Projet

"As partners, Cargill and PUR Projet share the mission to put communities at the heart of the regeneration and preservation of landscapes. Throughout our collaboration, each project is unique, because the communities with whom we work are all different, by their origins, their traditions, the ecosystem in which they live. We never try to enforce, always listen. This is why I believe our partnership is powerful."

Delphine Dekeister
Country Manager for
PUR Projet



Koltiva

"Koltiva and Cargill both have a strong commitment to sustainability, without cutting corners. This mentality underlines the strategies we design and implement together in Indonesia. I am proud of the strong relationships we have built with farmers in 2018-2019 through personalized coaching. This has improved GAP adoption by farmers and is leading to increased yields, lower GHG emissions and the overall improvement of farmer livelihoods."

Manfred Borer
CEO of Koltiva



IDH, The Sustainable Trade Initiative

"We need companies like Cargill that are committed to taking action together, pre-competitively, to end deforestation and forest degradation in the cocoa supply chain. Cargill takes serious actions as a signatory of CFI and it transparently monitors and reports through their progress reports."

Joost Oorthuizen
CEO of IDH,
the Sustainable
Trade Initiative



World Cocoa Foundation

"Cargill shows there is power in partnerships with their extensive network and collaborative programs in cocoa-growing countries. The longterm partnerships that Cargill builds with farmers are essential to achieve a thriving and sustainable cocoa sector, where farmers prosper, communities are empowered, and the planet is healthy."

Rick Scobey
President of the World
Cocoa Foundation



More partnerships with farmer organizations

2017-2018

1,707



2018-2019

2,559

128 farmer organizations in Côte d'Ivoire, 318 farmer organizations in Cameroon, 227 communities in Ghana, 1,878 farmer groups in Indonesia, 8 suppliers in Brazil.

New partnerships with sector partners

+3 new partnerships

+33 sector partnerships

In total we have contractual partnerships to design or deliver programs with 11 NGOs, 5 producing governments, 10 multi stakeholder initiatives, 5 social enterprises, 2 technology providers, 4 financial institutions and 3 knowledge institutions.

2030 Target

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

Approach

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

Key progress

We achieved more and stronger partnerships with farmers, farmer organizations and communities to enable them to drive future and local progress. We launched new partnerships and expanded existing ones, such as the long-term collaboration with the International Finance Corporation (IFC) and Technoserve, which is evolving for more impact.

Learnings and next steps

We realize we are more effective in reaching our goals due to close reciprocal relationships with regional stakeholders. As we continue to lead our work on digital transparency and traceability in the supply chain, these insights and learnings are also valuable for our sector partnerships.

[+ Read more on our website](#)

Coop Academy 2.0: strengthening more cooperatives with management tools

Working with farmer organizations has proven to be the best path to creating greater opportunities for individual farmers, their families, and their communities. In 2013 Cargill and the International Finance Corporation (IFC) initiated Coop Academy, a joint initiative to grow the skills of cooperative leaders. In 2019, this was expanded for more impact.



Next phase of the industry's first business program

We initiated Coop Academy in 2013, together with IFC and Technoserve, to empower cooperatives and other farmer organizations with training in business, digital finance, sustainability and commercial credit systems. Since, farmer cooperatives have progressed significantly. They accessed affordable credit with a total of €7,500,000 in bank loans since 2016, used to finance 261 trucks so far.

Connecting cooperatives to digital means

In 2019, we launched the next phase of this groundbreaking program, expanding its reach and advancing it based on earlier experiences. New farmer organizations will join the academy and follow-ups will be organized for previous participants. The academy consists of four workstreams:

1. Cooperative Management and Governance. To professionalize cooperatives, we build their capacity in

management and governance. Learnings from Coop Academy 1.0 include providing trainings in the field and including follow-up activities.

2. Cooperative Performance

Benchmarking. To measure the management capability of farmer organizations, we evaluate their performance using the SCOPE Basic tool. The resulting scores can link cooperatives to buyers and suppliers that may want to do business with them. They also enable us to develop customized training interventions to improve their management skills.

3. Empowerment of Women. To empower women to establish income generating activities, we developed a tailored

approach to entrepreneurship training and coaching. The aim is to reach 3,000 women and 250 women leaders.

4. Digital Financial Services (DFS) and

Financial Inclusion. To digitize cashflows from cooperatives to farmers, we use DFS tools. We provide training on the benefits and how to use them. In 2020, we will add 35,250 farmers to a digital platform.

What's more

Long-term joint efforts such as the Coop Academy are successful because we are able to continuously improve, together with partners. We will continue to build our local partnerships and strengthen the enabling environment for transformational results.

"The digital tools we are using have brought real transparency to how we manage traceability in our cooperation. This has allowed us to become more efficient and to provide more assurance to our producers."

Kouame Loukou Ludovic

Chairman of the Cooperative ECAPA GZ COOP CA in Cote D'Ivoire

Responsible Business



Operating in a safe, responsible and sustainable way

Cargill's purpose is to nourish the world in a safe, responsible and sustainable way. We aspire to be the most trusted source of products and services across the agricultural, food, industrial and financial markets we serve. Our business has a global reach, and we aim to carry out all these operations in a safe, responsible and sustainable way that delivers business value and mitigates our impact on the world around us. To this end, across Cargill's business operations and supply chain, our teams are always looking to increase efficiency, maximize safety and minimize our environmental footprint.

ZERO Harm

The concept of ZERO Harm encompasses all areas of safety up and down our supply chain. It means protecting the safety and well-being of our people, the integrity of our products and the health of our planet. Fundamentally, ZERO Harm is at the heart of our purpose.

Focus on LIFE (Life-altering Injury and Fatality Elimination) is the foundational safety program, which was introduced in 2013. It is aimed at identifying and addressing life-threatening dangers hidden in our tasks and workplace to ensure every job can be done safely and every one of our 160,000 employees as well as the contractors that work at our sites go home safe every day. In 2016, we launched the See, Say, Stop – Save a LIFE campaign as a reminder to watch out for each other. Of course our aim is to have zero fatalities every year. Regrettably, there was one fatality in all of Cargill in 2018-2019. Our recordable injury-free frequency rate for the year was 1.13, slightly above the target of 1.0.

Reducing emissions

Cargill aims to reduce greenhouse gas emissions in its global supply chain by 30 percent per ton of product by 2030. The commitment builds on our goal to reduce absolute emissions by 10 percent by 2025, including direct emissions from sources owned or controlled by Cargill and indirect emissions generated by energy Cargill has purchased. These goals align with the Paris Agreement and are supported by the Science Based Targets initiative. Through our Ocean Transportation

business, we also take part in the Global Maritime Forum's Decarbonization Task Force, which aims to transition the global shipping industry to carbon-neutral by 2050.

Transporting cocoa and chocolate ingredients contributes to greenhouse gas emissions and local air pollution. In our ambition to reduce Scope 3 emissions by 30 percent per ton of product sold by 2030, our near-term focus is on developing plans for transportation. We are working with Cargill transportation, logistics and other partners



to optimize logistics with more efficient equipment and cleaner fuels. We have also developed a measurement approach to capture and report the results.

Packaging our products more sustainably

We are committed to sustainable forest management and conservation. This also applies to our packaging. In 2016, Cargill launched the Cargill Policy on Sustainable Fiber-based Packaging, with the goal to achieve a 100 percent responsibly sourced fiber-based packaging supply by 2025. Cargill is developing a global sustainable packaging strategy aligned with this corporate policy.

Inclusion and diversity

At Cargill, we want every employee to bring their whole self to work. That means feeling welcome, valued and heard, so they can make their mark. We recognize, appreciate and respect the uniqueness of all employees, and value how their talents and experiences can help people around the world thrive every day. As a truly global company, our workforce needs to reflect the diversity of the global communities where we operate. Read more about how we address this on [our website](#).

Women are cornerstones of our families, communities and the agriculture industry. That is why Cargill invests in women and girls, through partnerships and within our own supply chains. Cargill was among the first companies to join the Paradigm for ParitySM coalition, an organization committed to achieving gender parity across all levels of

corporate leadership by 2030. We also work with organizations, such as ONE and CARE, to offer and advocate for inclusive financing, market access, land rights and education.

Conducting business with integrity

Cargill is known as a company that conducts its business in a legal and ethical manner. Our [Code of Conduct](#) and the corresponding [Supplier Code of Conduct](#) outline standards for conducting business around the world. They are based on the company's seven Guiding Principles, which are ingrained in Cargill's culture and serve as the foundation for the behaviors expected from all employees, contractors and suppliers. The Code of Conduct and the Guiding Principles also serve as the foundation of our Commitment on Human Rights.

With our strong culture of doing the right thing at all times, we take breaches of the principles or of our Cargill Code of Conduct very seriously. We have zero tolerance for bribery and other corrupt practices.

Enriching communities

Across all our businesses, Cargill is committed to the communities where we live and work. We invest in, engage with and respect cultures while promoting sustainable and responsible economic development to improve living standards and promote stable communities. Last year, we contributed \$70 million in total in community programs. Cargill businesses and facilities and our employees also give through more than 350 employee-led Cargill Cares Councils

worldwide. The councils provide support for local charitable and civic organizations and programs such as food relief agencies, school and youth programs, and local environmental projects.

Cargill invests in the communities where our employees live and work to promote sustainable economic development and to improve community resilience; the goal is to

devote 1 percent of our profits to community-based projects. We also partner with local and international NGOs to broaden our impact on core issues of food security, nutrition and sustainability. This includes efforts to help address food security, health and safety needs and industry challenges due to the spread of COVID-19.



About Cargill

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



We have
160K
employees

Working in
70
countries

With more than
150
years of experience

Delivering
for customers in
more than
125
countries

Contributing
\$70M
annually in
community programs

With a network of
350
Cargill Cares Councils

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

Our business

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

For farmers

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



We provide insights to our partners



We transform raw materials into finished goods



We move products around the world



For customers

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



How we work

Our integrated operating approach enables our businesses to provide industry-leading products and services in their specific sectors while also drawing on the full world of Cargill's expertise. We deliver this expertise locally, quickly

and reliably through world-class capabilities and operations everywhere we do business. Our global functions equip our businesses to do this effectively and efficiently by providing process governance and deep subject matter expertise on issues

that affect us, our customers and other partners.

Cargill's Executive Team is responsible for the company's



David MacLennan
Chairman and
Chief Executive Officer

strategic direction, talent development and overall financial performance. Led by Chairman and CEO David MacLennan,

members of the Executive Team represent all of Cargill's enterprises, as well as major global functions. They use a diverse set of experiences from both inside and outside of the company to lead and achieve results.

Our Guiding Principles

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

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

About Cocoa and Chocolate

Cargill provides high-quality cocoa and chocolate more sustainably throughout the world and brings our customers peace of mind, integrity and excitement. With balanced efforts on security of supply, sustainability projects and sensory expertise, we create a wide range of outstanding standardized and custom-made products and services. In addition, we provide our customers with extensive market knowledge. We grow a robust, fair and transparent supply chain, from bean to bar, eager to continuously shape industry standards.

To ensure a more sustainable supply of quality cocoa beans, Cargill established our own sourcing and trading operations at origin in Brazil, Cameroon, Côte d'Ivoire, Ghana and Indonesia. Our Cargill Cocoa Promise underlines our commitment

to enable farmers and their communities to achieve better incomes and living standards. Our team of 3,600 passionate cocoa and chocolate experts work across 52 locations and are part of 160,000 colleagues around the world.

Our Glossary

CAP: Community Action Plan details the process through which interventions will be implemented in the community.

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

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

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

CNA: Community Needs Assessment identifies primary needs (i.e. related to education, water and sanitation, gender equality).

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

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

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

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

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

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

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

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

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

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

About this report

This is the Cargill 2018-2019 sustainability progress report. Unless stated otherwise, it covers the crop year, which runs from October 2018 until the end of September 2019. Our sustainability report is published on an annual basis. The 2017-2018 report was published on May 29, 2019.

In 2017, we introduced our five sustainability goals, which serve as the structure for this report in alignment with our Theory of Change. In 2018, we created a new overview of datapoints, mapped to the five sustainability goals. A selection of these datapoints will be

audited externally for the 2019-2020 reporting cycle. This report has been prepared in accordance with the GRI Standards: Core option. To help you find specific content in our report, you can find the [GRI Content Index](#) on our website.

In May 2019, we conducted a thorough materiality analysis to provide input for the sustainability strategy review process and this report. The table below lists our key stakeholders, how we consulted them and the main topics they raised. We mapped the internal and

external topics to determine our most material topics in different categories.

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

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

Economic topics	Environmental topics	Social topics	Political and governance topics	Technology and marketplace topics
Farmer livelihoods	Deforestation	Community wellbeing	Consumer confidence	Traceability
Resilience		Child labor		Transparency

Table 1 on the left: Consultation of stakeholders.

Table 2 above: Material topics per category.



thrive™

www.cargill.com
P.O. Box 9300
Minneapolis, MN 55440

© 2020 Cargill,
Incorporated.

Cargill® Helping
the world
thrive