



Hershey 2019 Annual Report Côte d'Ivoire

1. FOREWORD

In February 2018, Hershey publicly committed to no new deforestation in its cocoa supply chain, effective immediately, and to implementing agroforestry tree planting programs. Hershey also joined the Cocoa Forest Initiative (CFI) to help deliver this commitment in the two largest cocoa-producing countries in West Africa – Ghana and Cote d'Ivoire – and increase Hershey's forestry commitments with specific actions to end deforestation and to begin restoring forests. The plans focus on sensitive forest areas and are designed to inhibit encroachment on these protected areas by implementing locally tailored development programs. Hershey's CFI action plans are organized under three strategic pillars: 1. Forest Protection and Restoration, 2. Sustainable Production and Farmers' Livelihood, and 3. Community Engagement and Social Inclusion.

2. KEY FACTS & FIGURES

Pillar 1: Forest Protection and Restoration

- **91%** of our Cocoa For Good Farmers their plots (on average 3) have been mapped, covering an area of **80,476** hectares. We confirm zero instances of farm plots located in National Parks or Reserves
- **313,244** multi-purpose trees distributed for on-farm planting
- **15,455** farmers reached at CFI awareness events
- **11,134** hectares of cocoa agroforestry developed

Pillar 2: Sustainable Production and Farmers' Livelihoods

- **100%** of cocoa from Cocoa For Good farmers is traceable from farm to first purchase point
- **29,496** farmers trained in the latest Good Agriculture Practices (GAPs) including pruning, mulching, Integrated Crop Pest Management, weeding
- **14,214** farmers applied crop diversification
- **12,663** farmers offered a financial product
- **5,426** farmer members grouped into **196** Village Savings and Loans Associations (VSLAs) (of which 107 new in 2019). Total savings amounted to **\$310,170** and loans to **\$269,604** as of end of 2019

Pillar 3: Community Engagement and Social Inclusion

- **7** cocoa communities with active forest restoration and protection program covering **6,081** ha under Community Based Natural Resource Management.

3. WHAT IS THE COCOA & FORESTS INITIATIVE?

The Governments of Côte d'Ivoire and Ghana and the world's leading cocoa and chocolate companies [signed landmark agreements](#) in November 2017 to end deforestation and promote forest restoration and protection in the cocoa supply chain.

This public-private partnership – called the [Cocoa & Forests Initiative \(CFI\)](#) – has been organized by the World Cocoa Foundation (WCF), IDH - the Sustainable Trade Initiative, and The Prince of Wales's International Sustainability Unit (ISU), in partnership with the Governments of Côte d'Ivoire and Ghana. The Prince of Wales [launched CFI](#) in March 2017 and reviewed implementation progress in November 2018.

The Frameworks for Action for [Côte d'Ivoire](#) and [Ghana](#) define core commitments, verifiable actions, and timebound targets required for a deforestation-free and forest-positive supply chain.

The Governments of Côte d'Ivoire and Ghana establish national strategies, policy environments, and governance structures for CFI implementation. They ensure that CFI is linked to similar initiatives with other commodities, and fully aligned with the national REDD+ strategies and other relevant national strategies and plans. They provide key operational guidance, and baseline economic, environmental, and social data, to help companies identify and plan the most effective and efficient private investment activities for CFI.

The Governments have prepared comprehensive National Implementation Plans ([Côte d'Ivoire](#), [Ghana](#)) that outline public sector priorities, actions and timelines. Since 2017, both governments have fulfilled some commitments on the key building blocks for successful CFI implementation, including important revisions to the legal framework for sustainable forest management, adoption of World Bank environmental and social safeguard standards, and preparation and sharing of up-to-date boundary maps of protected areas.

In March 2019, 34 CFI signatory companies¹, released initial action plans for 2018-2022. These initial plans detail how the private sector will deliver the commitments spelled out in the Frameworks for Action. Each company explained how they will support the Framework objectives, based on their role in the supply chain, their strategic priorities, and their cocoa sustainability goals. WCF published a summary of the initial action plans for the cocoa and chocolate industry ([Côte d'Ivoire](#), [Ghana](#)).

CFI has been supported by several global development partners, including the United Kingdom's Department for International Development, the Dutch Ministry of Foreign Affairs, the German Federal Ministry of Economic Cooperation and Development, the World Bank, the International Finance Corporation, the Global Environment Facility, and the Green Commodities Program of the United Nations Development Program.

¹ Arysta Callivoire, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa and Chocolate, Cémoi, Chocolats Halba, Cocoonect, Cococo Chocolatiers, ECOM Group, Fazer, Ferrero, General Mills Inc., Godiva Chocolatier Inc., Guittard Chocolate Company, The Hershey Company, Indcresa, Kuapa Kokoo Lindt & Sprüngli Group, Marks & Spencer Food, Mars Wrigley Confectionery, Meiji Co. Ltd., Mondelēz International, Nestlé, Olam Cocoa, PBC Limited, Sainsbury's, SIAT, Sucden, Tesco, Toms Group, Touton, Unilever, Valrhona, and J.H. Whittaker & Sons

CFI is coordinated closely with a wide range of global and local environmental organizations and partnerships, including the Tropical Forest Alliance, Amsterdam Declaration Partnership, Partnerships for Forests, the Rainforest Alliance, and World Resources Institute.

The industry is committed to ending deforestation and forest degradation throughout the global supply chain. Already in 2018, we have expanded CFI from West Africa to Latin America, with the signing of a new Framework of Action in Colombia in July 2018.

4. WHAT ARE THE KEY COMMITMENTS IN THE COCOA & FORESTS INITIATIVE?

Cocoa & Forests Initiative activities proceed from three priorities: (1) forest protection and restoration, (2) sustainable production and farmers' livelihoods, and (3) community engagement and social inclusion.

The first priority is the protection and restoration of forests that have been degraded. To this end, the governments and companies have pledged no further conversion of forest land for cocoa production and have committed to the phased elimination of illegal cocoa production and sourcing in protected areas.

Both countries are introducing a differentiated approach for improved management of forest reserves, based on the level of degradation of forests. In 2019, the government of Côte d'Ivoire adopted and published a new forest code which, among other things, put forth policies for the promotion of cocoa agroforestry to restore degraded land, improve forest cover, and promote sustainable livelihoods and agriculture in the classified forests and rural zones. The Ivorian government is currently finalizing the operational decrees that provide further guidance on the new forest policies. Both governments have shared maps on forest cover and land-use, and are currently updating the maps, including socio-economic data on cocoa farmers, which will further inform private sector investments.

To ensure effective implementation and monitoring of these commitments, companies have pledged to develop verifiable monitoring systems for traceability from farm to the first purchase point for their own purchases of cocoa, and to work with governments to ensure an effective national framework for traceability encompassing all traders in the supply chain. The companies will similarly share information with the national satellite monitoring platforms (in development) to effectively monitor progress on CFI, as well as proactively address threats of new deforestation.

The next critical priority is sustainable agricultural production and increased farmer incomes. These are essential pre-requisites for reducing pressure for agricultural encroachment into forests and strengthening the resilience of cocoa farmers to climate change.

The governments and companies are accelerating investment in long-term productivity of cocoa in order to grow "more cocoa on less land." Key actions include provision of improved planting materials, training in good agricultural practices, soil fertility, land tenure reform, and capacity building of farmers' organizations. Sustainable livelihoods and income diversification for cocoa farmers are being accelerated through food crop diversification, agricultural inter-cropping, and development of mixed agroforestry systems and shade-grown cocoa.

The final area of focus is strong community engagement and social inclusion, with a particular focus on women and youth. The governments and companies have committed to full and effective consultation

and participation of cocoa farmers in the design and implementation of key actions, and promotion of community-based management models for forest protection and restoration. The governments have adopted social and environmental safeguards are assessing and mitigating the social impacts and risks of any proposed land-use changes on affected communities.

The set of public-private actions represent unprecedented commitments on forest protection and restoration, and sustainable cocoa production and farmer livelihoods. These combined actions, which are aligned with the Paris Climate Agreement, will play a crucial role in sequestering carbon stocks and thereby addressing global and local climate change.

5. HERSHEY COCOA & FORESTS INITIATIVE RESULTS

Pillar 1: Forest Protection and Restoration

Since January 1st 2018 we have communicated to our suppliers and have adapted our sourcing contracts, to not source any cocoa from National Parks and Reserves.

Boundaries of cocoa farms have been mapped – covering **91%** of our direct sourcing in Cote d'Ivoire - to register that farmers under the Cocoa For Good program are not in protected forests, suppliers can track bean origins, and provide full accountability and traceability of our sustainable cocoa. As part of our approach, GPS data is linked to the unique farmer profiles.

We partnered with Sourcemap – a digital data reporting platform that allows satellite mapping of farms and risk assessments. It is our ambition that our future reporting will be entirely digitized.

In 2019, we conducted deforestation our first deforestation risk assessments based on polygon data in our direct sourcing supply chain covering **80,476** hectares in Cote d'Ivoire, and can confirm none of the farms are in National Parks and protected Reserves.

As part of our effort to promote CFI and enforcement of the new forest code in Cote d'Ivoire, we engaged in awareness-raising campaigns on the importance of CFI in our sourcing communities. At the end of 2019, we reached **15,455** farmers with the awareness campaigns.

Hershey has been supporting farm mapping and tree planting across our cocoa farming partners for more than two years now. In 2019, we helped map **97,410** hectares of land and provided **313,244** shade tree seedlings for planting.

Agroforestry

90% of Hershey's global volume comes from certified farmers, promoting via agroforestry shade-grown cocoa in line with certification standards. Our shade tree distribution program focuses on providing farmers with a variety of native tree species that enhance shade and promote greater biodiversity on the farms.

In 2019 we also started testing multiple agroforestry models (low, medium and high density) with partners such as Impact and Pur Projet to learn applicability and practicability. As part of our work to promote agroforestry, we are also working with industry, governments and partners such the Smithsonian Institute to develop guidelines for new and more intensive agroforestry models in CDI. In all, **11,134** hectares of newly modelled cocoa agroforestry was developed in 2019.

How it works – high density Agroforestry

- Our high-density agroforestry project with PUR Projet promotes agroforestry systems that hold **100 to 120 trees per hectare**, planting native and non-native tree species in rows on cocoa farm boundaries or in a mixed cocoa agroforestry system. The project pays specific attention to sensitization and training of farmers, monitoring and maintenance of trees planted and subsequent survival rates. It also establishes market linkages for the commercialization of non-cocoa agroforestry products
- To support our agroforestry program, we also promoted tree planting programs **off-farm** at schools tied to our cocoa-growing communities, resulting into planting more than **28,500** trees in 2019 to give more shade at school yards and for school gardens.
- We developed **27** non-cocoa agroforestry pilots managed solely by Women as part of women economic empowerment.

At the end of 2019, we distributed **313,244** multipurpose trees to support agroforestry in CDI; meeting the certification standards and supporting the more intensive agroforestry models.

Through our supplier led programs, we sensitize farmer organization members and farmer coaches on the causes and consequences of climate change and deforestation, the environmental and economic importance of agroforestry in cocoa farming, and the economic value of each species. We further facilitate farmer access to shade tree seedlings and ensure their appropriate use.

Pillar 2: Sustainable Production and Farmers' Livelihoods

Investment in long-term cocoa productivity in environmentally sound areas is an important action valued by Hershey. As a result, we have been training farmers in Good Agricultural Practices that includes many topics on environment, chemical usage, best farming practices, water conservation etc. This we do through on the ground capacity such as Coaches, Lead Farmers and Extension Technicians. As part of the program to increase investment in the production of quality cocoa in the long term, we also increased investments in trainings in Good Agricultural Practices. At the end of 2019, more than **29,496** farmers had been trained.

In order to promote sustainable production and make farmers resilient, we supported **14,214** farmers in sustainable livelihood and income diversification programs. These included the production of cassava, plantain and other income generating activities. These actions were aimed at boosting household incomes and making the farmers more resilient.

Hershey believes in the financial inclusion of farmers in its programs. In the light of this, Hershey has encouraged and supported the establishment of Village Savings and Loans Associations in the cocoa communities. Creating **Village Saving and Loan Associations (VSLAs)** helps kickstart the process of individuals and communities learning to save, borrow responsibly, and invest in their own commercial and community initiatives - especially for women.

We grouped our farmers into **196 VSLA groups** (of which **107 new in 2019**) with total of **5,426 farmers**.

Total savings amounted to **\$310,170** and loans to **\$269,604**.

The loans are used for a variety of purposes but mainly for the education of children or for starting or advancing individual or collective micro businesses.

Lastly, we see that **women speak up** more, share their ideas and drive investments. It has also earned them more respect from their spouses. **We see these women grow every day.**

Pillar 3: Community Engagement and Social Inclusion narrative

Information sharing is a key component of how we approach our programs. Through our Cocoa For Good Strategy implemented by our suppliers, we developed key messaging on the background and importance of CFI and through awareness campaigns, reached **15,455** farmers to sensitize them on the importance of protecting the environment and the restoration actions needed to be taken by all, as well as the new forest codes.

6. LOOKING FORWARD TO 2020 AND BEYOND

Since 2018, signatory companies have been working to fulfill their commitments to end deforestation and restore degraded forests in the cocoa sector. In 2019, the governments of Côte d'Ivoire and Ghana delivered on numerous commitments which have informed company planning. Companies will now be able to further develop their activities, moving from planning to implementation. As the governments continue to provide critical information (e.g. socio-economic assessments, updated land-use maps, operational decrees for implementation of the new forest code), companies will continue to ramp up their delivery of CFI activities in alignment with government priorities. This will include identifying

opportunities for landscape level collective action, as well as building partnerships with global development partners to drive forest positive impact on the ground,

- Support and expand the distribution and planting of multi-purpose trees for on-farm restoration via mixed agroforestry
- Update farmer engagement materials and training with the revised Forest Code
- Establish and/or support community-based natural resource management programs for forest restoration/protection
- Implement traceability system from farm to first purchase point

How it works: Farm Mapping

“My name is Jean Marie, and I'm 26 years old. I do not come from the agricultural world and live in Abidjan. I received my diploma in 2013 and for lack of means I started mapping to be able to finance myself. I was sent to Yamoussoukro in 2015 where I received my training in GPS Mapping, then I was assigned to the Méagui department for three years.

Farm mapping is a relatively simple job. When I arrived at ECATAMEA, I met with our ADG (Group Administrator). He tells us the number of sections in the region and according to the needs, he indicates the ones where we will have to visit. Currently, I have been assigned to Méagui where I am responsible for mapping about 150 farmers. On average I map 10 to 15 farms a day. My schedule is set by my ADG.

Today we are going to perform the mapping of Dramane's farm. Dramane thinks that his farm is about 5 hectares. After Dramane has signed his commitment sheet, I enter the information about the farm into my tablet. Then I do the GPS/ polygon mapping of the farm. The farmer shows me the limits of his farm. We start with a tree on which we make a mark in red paint. Then Dramane walks his farm and I follow with my tablet. I record every 10 paces, called "intermediate points," until we have done the complete farm.

For Dramane, the surprise is rather great since his farm is 7.152 hectares! Much larger than he thought. This may make him happy on one side, but it also indicates that his performance is not as good as he thought. It is at this point of having an accurate measure of one's farm when the farmer, the ADG and the farmer coach will be able to follow Dramane on the evolution of his farm and its further development.”

“The farmer shows me the limits of his farm. We start with a tree on which we make a mark in red paint”

Jean Marie

Mapping agent at COOP-CA



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ANNEX 2: TRACKING TABLE / CÔTE D'IVOIRE

Commitment	Actions	Indicator	2022 Target	# through direct investment in 2018	# through direct investment in 2019	Total End of 2019
Forest Protection and Restoration						
1. No further conversion of any forest land (as defined under national regulations, and using HCS and HCV methodologies) for cocoa production.	1.1 Conduct farm mapping within direct supply chain to identify and collect cocoa farm boundaries to ensure cocoa is not being sourced from forest lands, National Parks and Reserves, and Classified Forests	# farms mapped	100% 38,000 (Farmers)	25793 (Plots)	30503 (Plots)	56,296 (Plots)
	Total farmers in the program end of 2019 is 34,476. We have 31,371 farmers mapped end of 2019 (91%)					
	1.2 Conduct deforestation risk assessments in all direct sourcing areas	# ha included in deforestation risk assessment	115,000		80,476	80,476
2. Elimination of cocoa production and sourcing in National Parks and Reserves in line with promulgation and enforcement of national forest policy and development of alternative livelihoods for affected farmers	2.1 Adopt and publish a system for excluding farmers in the direct supply chain with cocoa production in protected areas	Yes/No	Yes	Yes	Yes	Yes
	2.2 All farms found in National Parks and Reserves reported to government	% farms in Natl Parks & Reserves reported to government	TBD			
	2.3 Support cocoa farmers' transition to alternative livelihoods	# of total farmers in protected areas receiving assistance for alternative livelihoods	TBD			
3. No sourcing of cocoa from National Parks and Reserves through companies' traceable direct sourcing programs .	3.1 Implement traceability tools/technology to ensure no cocoa purchases originate from National Parks or Reserves (all forest areas)	% of direct sourced cocoa is traceable to farm-level	100%	100%	100%	100%
4. A differentiated approach based on the level of degradation of forests for classified Forests will be developed and translated into a national forest restoration strategy	4.1 Support the restoration of Classified Forests by working with cocoa farmers, the government and the forestry industry to implement contracts for mixed agroforestry as a restoration and livelihoods intervention	# farmer 'agroforestry restoration' contracts signed	TBD			
		# hectares restored in Classified Forests	TBD			
5. Legal protection and management status for the remaining forests of Côte d'Ivoire in the Rural Domain	5.1 Cooperate with the government on enforcement to prevent deforestation in the legally protected forest estate (rural domain)	# hectares of forest in rural domain protected:	TBD			
6. Up-to-date maps on forest cover and land-use for the different forests, and socio-economic data on cocoa farmers developed and publicly disclosed, and detailed operational guidelines prepared	6.1 Support the government's forthcoming adaptive management plans for different forest areas to benefit the livelihoods of forest-dependent cocoa communities	Yes/No	YES	YES	YES	YES
	6.2 Participate in the development and operation of land-use and land-use planning at national and regional levels by sharing existing land use maps with government	Yes/No	YES	YES	YES	YES
7. Public enforcement of the new Forest Code and its subsequent guidelines, and public sector governance will be strengthened	7.1 Promote and participate in awareness-raising campaigns to educate farmers on the new Forest Code	# farmers reached at awareness events	40,000	1,778	15,455	17,233
	7.2 Update farmer engagement materials and training with the revised Forest Code	Yes/No	Yes			
8. Public-private collaboration to mobilize resources for forest protection and restoration	8.1 Mobilize finance for forest protection and restoration	\$ mobilized towards forest protection and restoration:	TBD			
		# hectares with forest protection and restoration financing	TBD			
		# farmers participating in PES contracts	TBD			
9. Public-private collaboration to identify good practices, technical guidance and incentive mechanisms for forest restoration and agroforestry	9.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# multi-purpose trees distributed for on-farm planting	700,000	47,836	313,244	361,080
		# hectares cocoa agroforestry developed	30,000		11,134	11,134
	9.2 Support distribution and planting of native trees for off-farm restoration (reforestation)	# native trees planted off-farm			29,522	29,522
		# ha of forest area restored				
10. Government creation, in collaboration with all stakeholders, of a public-private fund to support financing of protection and restoration of HCV forest areas.	10.1 Support the creation of the public-private forest conservation and rehabilitation fund	\$ contributed to fund				

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Commitment	Actions	Indicator	2022 Target	# through direct investment in 2018	# through direct investment in 2019	Total End of 2019
Sustainable Production and Farmers' Livelihoods						
11. Promote investment in long-term productivity of cocoa in environmentally suitable areas in order to grow "more cocoa on less land"	11.1 Distribute improved cocoa planting material	# improved seedlings distributed to farmers	TBD	NA Seedling suspension by the CCC until further notice		
	11.2 Establish and/or provide cocoa nurseries with improved cocoa planting material	# of nurseries with improved cocoa seedlings	TBD	NA Seedling suspension by the CCC until further notice		
	11.3 Train farmers in Good Agriculture Practices (GAPs)	# of farmers trained in GAPs	25,000	29,077	29,496	29,496
	11.4 Support cocoa farm rehabilitation	# of hectares of cocoa rehabilitated	TBD	NA Seedling suspension by the CCC until further notice		
12. Promote sustainable livelihoods and income diversification for cocoa farmers	12.1 Promote farm-level crop diversification	# farmers applying crop diversification	15,000	179	14,214	14,214
	12.2 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# multi-purpose trees distributed for on-farm planting	Already reported 9.1			
13. Promote financial inclusion and innovation to deepen farmers' access to working capital and investment funds for production and farm renovation	13.1 Promote farmer savings	# farmers in supply chain with a savings account	5000	3,559	11,201	11,201
		# farmers participating in VSLA groups	6000	3,020	5,426	5,426
	13.2 Offer financial products to farmers	# farmers offered a financial product	6000	93	12,663	12,663
14. Improve supply chain mapping, with the goal of 100% of cocoa sourcing traceable from farm to first purchase point. An action plan will be developed for traceability, which will be implemented step-by-step to achieve full traceability and verification, applicable to all by end-2019.	14.1 Conduct farm mapping within direct supply chain to identify and collect cocoa farm boundaries to ensure cocoa is not being sourced from forest lands, National Parks and Reserves, and Classified Forests	# farms mapped within direct supply chain	Already reported 1.1			
	14.2 Implement traceability system to farm level in direct supply chain	% of direct sourced cocoa traceable from individual farms to first purchase point	Already reported 3.1			
Social Inclusion and Community Engagement						
15. Full and effective information sharing, consultation, and informed participation of cocoa farmers and their communities who are affected by proposed land-use changes.	15.1 Organize cocoa community consultations on the implementation of the Frameworks for Action	# communities with consultation sessions	230		7	7
16. Promote community-based management models for forest protection and restoration	16.1 Establish and/or support community-based natural resource management programs for forest restoration/protection	# of cocoa communities with active forest restoration and protection program	75		7	7
		# hectares under CBNRM	TBD		6,081	6,081
17. Development of action plans for forest protection and restoration, and sustainable agricultural intensification that are gender and youth sensitive.	17.1 Develop forest protection & restoration and agriculture intensification action plans that are gender and youth sensitive	# cocoa communities with gender-focused programs			9	9
		# cocoa communities with youth-focused programs				

