# TRADIN SUSTAINABILITY r g a n i c Cocoa REPORT

2nd Edition





# "WE INVITE YOU TO BECOME INVOLVED IN OUR PROJECTS"



### We are proud to present our new sustainability report on Tradin Organic Cocoa!

With the successful development of our own facility dedicated to organic cocoa, Tradin Organic Cocoa has become the world leader in organic cocoa processing.

Tradin Organic is taking the lead in sustainability for organic cocoa, through certification and beyond. We are grateful to work with many thousands of smallholder farmers and their organic land across the world. We have recognized that protecting these farmers and their living organic soil is not an option, but a necessity.

This report re-affirms our global commitments towards building communities through organic cocoa sourcing and processing. It presents important milestones that we achieved in the course of 2019/2020. Amongst other achievements, you can read about our Child Protection Program and our Agroforestry Programs in Sierra Leone. We are also proud to have obtained new certifications of our cocoa: Naturland, Bio Suisse, Fair for Life, and, most recently, Regenerative Organic Certification (ROC).

The COVID pandemic has marked our sourcing areas. In this report we touch upon the initiatives sponsored by Tradin Organic to support cocoa cooperatives in difficulty.

This report also provides an outlook on our plans for 2021 and beyond. You will find more information on our plans to further reduce and offset the carbon footprint of our cocoa products.

To achieve our sustainability goals, we rely on strong partnerships with our customers, suppliers, NGO's and governments. For this reason, we are inviting you to join our initiatives. We encourage our customers and our partners to get in touch to find out more about our projects and to get involved.

#### Rafal Taciak

Commercial Director Cocoa

### SUPPORTING OUR SUPPLIERS DURING COVID



#### SIERRA LEONE

At the beginning of the pandemic, the COVID-19 crisis had a great impact on the economy of Sierra Leone. Due to the risks of the virus spreading along our cocoa supply chain, strict governmental regulations, and exposure to an increasingly uncertain business environment, Tradin Organic could not operate as usual. To assure that Tradin Organic staff, agents, and sub-agents were able to continue their work, The Tradin Organic team in Sierra Leone imported and distributed soaps, sanitizers, and face masks.

#### **MADAGASCAR**

Tradin Organic financially supported our cocoa supplying cooperative in Madagascar during the COVID-crisis, enabling the cooperative to distribute soap for hand sanitation, cooking oil, and sugar to its farmer members and their families.

### **PERU**

Tradin Organic's donation to our supplying cooperative in Peru enabled the cooperative to purchase and distribute food packages to affected farmer families.





# CHERISHING LONG-TERM PARTNERSHIPS

Tradin Organic cherishes its longterm partnerships with cooperatives in Sierra Leone, Dominican Republic, Peru, and more. These cooperatives actively promote the sustainability of farmlands, livelihoods of farmers, and high quality cocoa production in their respective countries.



### TRADIN ORGANIC COCOA SOURCING



Worldwide, most organic cocoa is produced by smallholder farmers. Tradin Organic is proud to collaborate with thousands of organic cocoa farmers who work hard to produce organic cocoa and to provide for their families. The organic certification provides farmers with a premium price for their cocoa beans.

Even so, smallholder cocoa farmers are exposed to risks, such as climate change and fluctuating world prices, which can affect their income. At Tradin Organic, we believe that our organic cocoa should provide benefits to our farmers and should enable farmers to develop their communities. For this reason, we are supporting our farmers to obtain the Fairtrade certification. Thanks to the Fairtrade certification, our cocoa farmers receive a premium on top of the organic premium.

Our cocoa suppliers in the Dominican Republic, Ecuador, Haiti, Peru and Madagascar have already been Fairtrade certified for some years. Over the years they have invested their Fairtrade Premium in a range of community projects. As we are continuously developing our sourcing projects, we are supporting our farmers in the other countries of origin towards Fairtrade certification. In 2018, we started working on Fairtrade certification for our organic cocoa farmer-suppliers in Sierra Leone. We supported the farmers with technical assistance and helped to pre-finance the certification fees. We are proud of the achievement that all farmer cooperatives that we source from in Sierra Leone are now Fairtrade certified!

### GLOBAL COCOA SOURCING AREAS

Tradin Organic has a world-leading sourcing program for organic cocoa beans. Our global team of agronomists visits our cocoa suppliers on a regular basis. These visits help us to monitor the organic production and provide technical assistance to our cocoa farmers.



At this moment, Tradin Organic sources organic cocoa beans mainly, but not only, from 10 countries of origin visualized on the map. In most countries we work directly with cocoa farmers and cooperatives. Our direct relation with these farmer cooperatives allows us to support our farmers with implementing organic certification, improving the quality of their cocoa beans, and boosting their productivity through a variety of training programs.



### PARTNERSHIP AT SOURCE

Historically, the Dominican Republic has been a frontrunner in organic cocoa production. Tradin Organic values its longterm partners in the country: Conacado and Biocafcao.



### DOMINICAN REPUBLIC



#### **CONACADO**

The partnership between Tradin Organic and the organic cocoa cooperative Conacado dates back to the very beginning of the production and commercialization of Dominican Republic cocoa under organic certification in the 1990s. Ever since, the pioneering partners have jointly strengthened the development of the organic cocoa sector in the Dominican Republic. With Tradin Organic's support, Conacado positively impacted its member base in multiple ways. Trainings to farmers on organic practices and the distribution of improved planting material improved quantity and quality of the organic cocoa, with organic premiums further significantly increasing farmers' income. Next to this, from 2016-2020 Tradin Organic contributed to Conacado's large-scale community project to improve the living standard of producers and families in the cocoa producers' community. The project included housing repairs, electricity installation, bridge and road improvements, distribution of school supplies and the construction of community aqueducts.

### **BIOCAFCAO**

Tradin Organic has worked with Biocafcao since the early 2010s. Most of the sustainability efforts of Biocafcao focus on training smallholder cocoa farmers on best organic practices by, amongst others, setting up own demonstration farms. Agroforestry farming, which combines cocoa production with other tree crops such as avocado, coconuts, and coffee, diversifies and increases farmers' income. Tradin Organic strongly supports and leverages these efforts through organic premiums. With success: more and more young cocoa farmers supply to Biocafcao and the quality and yield of the cocoa is steadily increasing. Furthermore, Tradin Organic contributes to Biocafcao's efforts in supporting children with necessary school supplies.



**ACOPAGRO** is a cooperative of more than 2,000 smallholder organic cocoa producers located in the central Huallaga Valley in the San Martin region of Peru. Tradin Organic joined forces with the cooperative more than 15 years ago and ever since fully supports Acopagro's commitment to ensuring a sustainable and fair income of their members based on trust and values of solidarity.

By purchasing large quantities of Acopagro's Fairtrade certified cacao, Tradin Organic is an important contributor of Fairtrade premiums that enable the cooperative's activities such as providing comprehensive trainings and introducing up-to date technologies and techniques. An important subject of current trainings is the process improvement of fermentation and drying of cocoa, in order to obtain dry beans that meet highest quality standards. Further training includes sustainable management of forest plantations to prevent deforestation. To increase the willingness to participate, all travel expenses for the farmers are covered.

Other ongoing activities supported with Fairtrade premiums are the implementation and maintenance of mini collection centers.



### PARTNERSHIP AT SOURCE

### REPLANTING THE FOREST

ACOPAGRO is involved with a project in partnership with PUR Projet called Jubilacion Segura, ('secure retirement') which consists of planting trees within their parcels to promote agroforestry systems.

The project also focuses on supporting a sustainable wood supply chain including helping to obtain Forestry Stewardship Council standard. To date, the group is the largest entity to become certified in Latin America.

In addition to its cocoa-related activities, Acopagro also takes part in a large-scale forest conservation project, aiming at conserving more than 300,000 ha of forest located in the upper basin of the Huayabamba River. As part of this project, the cooperative manages the conservation of 108,000 ha of forest.

### PARTNERSHIP AT SOURCE



Since early 2021, Tradin Organic offers Fair for Life certified cocoa products from Esco Kivu cocoa beans.

The standard guarantees fair trading conditions as well as social and environmental responsibility in supply chains.

Premiums generated under the certificate are bundled and administered by Esco Kivu, which enables them to invest in new school classrooms and a university. The improved educational opportunities significantly support the living conditions and future perspectives of the communities.



### DR CONGO **//**

Cocoa is a crucial source of resilience for organic cocoa formers in the Eastern part of Congo (Kivu). In recent years, farmers in this region have faced serious challenges such as an Ebola outbreak and complex armed conflicts. The production and sales of organic cocoa provided one of the few stable sources of income for farmers in this region.

#### **ESCO KIVU**

Tradin Organic values and maintains its long-term commitment with its local partner Esco Kivu. The partnership, dating back more than 8 years, ensures stable flows of organic and 'fair for life' premiums that significantly increase farmer-suppliers' incomes. A farmer field school program provided on the ground ensures continuous improvement of farming techniques. By implementing what they have learnt, farmers see the productivity of their farms improving as well as their income boosting. The additional income is mainly used for investments in plantations, school fees, medical care, and housing. The total percentage of farmers with kitchens, bathrooms and washing facilities in their homes increased from 67% to 78% in 2019. Good cooperative financial management ensures fair and transparent transactions and enables farmer group savings.



### SIERRA LEONE

Sierra Leone has faced many challenges in recent history. An internal conflict followed by the Ebola crisis caused the cocoa market to collapse, leaving cocoa farmers with many difficult access to the world market. In 2015, Tradin Organic started working with these farmers to set up an organic certified cocoa sourcing project. We configured a local control system with dedicated quality coordinators and invested in

This allowed us to successfully pass the organic audit and start exporting organic cocoa in 2017. With our organic cocoa production in full swing, our activities in Sierra Leone are growing rapidly. We have our own sourcing and exporting office in Kenema and have trained a team of quality coordinators who ensure optimal quality. For the 2019-2020 crop, we sourced from over 36,000 organic cocoa farmers and this number continues to grow.



### **PRESENCE AT SOURCE**

"Cocoa farming is important to me, as it is from this cocoa that I send my children to school. Also, it is from the proceed of this cocoa that I buy rice to feed my family since I don't have a husband to do rice farming. My cocoa farm is now my husband...

Tradin Organic is the only company that provides premiums at the end of the season when cocoa runs dry. Furthermore, I benefited a lot from the training on farm maintenance."

Ms. Betty Sheku, cocoa farmer and widow with six children. She has supplied cocoa to Tradin Organic since 2018.

farmers.

### SIERRA LEONE IMPACT OVERVIEW

At Tradin Organic, we envision to deliver the world's most sustainably and ethically produced organic cocoa products. What this means in practice is shown in the table below, which presents the goals and activities of our sustainable cocoa strategy for our programs in our own sourcing location Sierra Leone.

### Topic

### Achievements 2019-2020

### Goals for 2024



TRACEABILITY AND TRANSPARENCY

100% of organic farmers

in Sierra Leone in our digital traceability system

Include (re)forestation monitoring, and child labor monitoring and remediation in traceability system



Assistance to 36,800 farmer-suppliers

to obtain **certification**: EUR and NOP Organic; Naturland; Fairtrade; Bio Swiss;

Regenerative Organic Certification (ROC)

Maintain certifications; set up of **carbon sequestration monitoring** system



FARMER TRAINING

153 Farmer Field Schools and 25 Farmer Service Centers established, reaching 7,000 farmers

Establish **300 Farmer Field Schools** and 30 Farmer Service Centers, reaching all 36,800 certified farmers



REGENERATIVE AGROFORESTRY
SYSTEMS

Establishment of **70 nurseries**, accommodating **530,000** cocoa seedlings

Halt deforestation and plant 1M trees



Research conducted on farmer livelihoods and living income

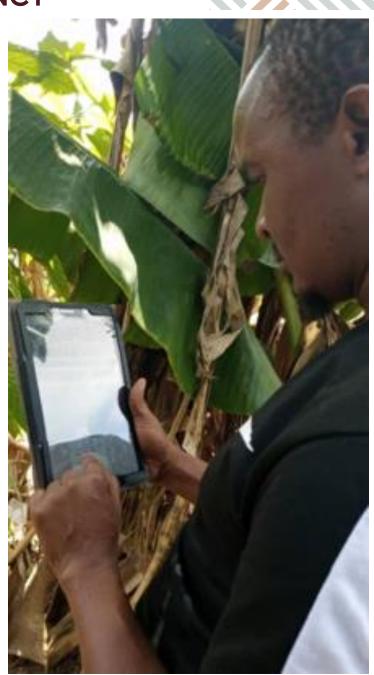
Set up of **54 Child Welfare Structures**; Set up **54 Village Saving and Loan Associations** reaching 1500 households

### TRACEABILITY & TRANSPARENCY

Traceability is a key requirement of the organic standard. Tradin Organic has moved beyond this requirement to establish a fully traceable and transparent supply chain for organic cocoa. Thanks to our unique sourcing system and our processing capability, we can offer cocoa products that can be traced back to the original lot. Traceability is also a major point of attention during our supplier's audits and visits to ensure that any lot can be traced back to the farmer-suppliers.

### TRACEABILITY IN PRACTICE - SIERRA LEONE

Our team of extension workers in Sierra Leone is responsible for registering each of our organic cocoa farmers. Each farmer has an own individual registration number, which is linked to a registration form. Whenever the farmer sells a bag of cocoa beans, the bag is labelled with the farmer reaistration number. The bag of cocoa beans is then transported to our warehouses in Kenema and Kono. At these warehouses the cocoa beans are solar dried. After drying, the beans are prepared for export and transported to the port of Freetown. From Freetown the beans are shipped to Amsterdam and stored in a warehouse. Upon arrival in the warehouse, the beans are still in the bag, labelled with the registration number of the farmer.



### **GOING DIGITAL**

Up until recently, we registered most of the farmer organic registration and transaction data on paper. As we work with thousands of organic farmers, this registration system was timeand resource consuming. Therefore, we started a pilot project in Sierra Leone, digitizing the cocoa supply chain. Our field workers are equipped with a smartphone app, which they use to register farmer and transaction data.

This data is uploaded to the cloud, where we can store and manage this information. In addition to saving time and paper, this digital system also offers some innovative applications. For example, we can add photos of farmers and map their farms with GPS coordinates. All of the Sierra Leone cocoa farmers that we work with are now registered in the system.

# TRADIN ORGANIC EDUCATIONAL VIDEOS

A video series on in-field soil testing was produced in cooperation with Pur Projet and the Regenerative Organic Alliance featuring the Tradin Organic Technical Assistance Manager.

The videos educate farmers on how to competently test their soil with basic and readily available equipment. The videos are used in Farmer Field Schools in Sierra Leone and beyond. They are freely available on YouTube.



### FARMER FIELD SCHOOLS IN SIERRA LEONE



Tradin Organic is committed to support organic cocoa farmers in Sierra Leone to upgrade their plantations and boost their productivity. To this end, we launched a large-scale Farmer Field School (FFS) program in Sierra Leone. Through these FFS, our Technical Assistance team trains farmers on organic production principles and supports them to obtain a range of organic and Fairtrade certifications.

The trainings cover various organic agricultural practices, such as pruning and underbrushing. As part of the Farmer Field Schools, demo farms are established where field trials on organic production methods are carried out by a head farmer. Currently, we have 96 operational Farmer Field Schools, with about 100 farmers per school.

The Farmer Field Schools are coupled with Farmer Service Centers (FSC) that provide necessary inputs. 70 nurseries have been established, altogether accommodating almost 300,000 cocoa seedlings. These seedlings are handed out to farmers, as an additional bonus payment for their cocoa. The farmers can use these seedlings to rejuvenate their plantations.

The training programs are supported by Tradin Organic, AgDevCo, Cocoa Origins, Netherlands Enterprise Agency, and Tradin Organic customers. We invite interested customers to join the program and support a cooperative (read more on p. 15)!

### COCOA AGROFORESTRY PROGRAMS

Cocoa production in West Africa is often linked to deforestation. As cocoa is becoming an increasingly important source of income in Sierra Leone, there may be an incentive to clear plots of rainforest to establish new plantations. Clearing more forest in our sourcing area could potentially threaten the Gola Forest protected area.

Agroforestry has the potential to stop deforestation and can even spark reforestation. Cocoa plantations that apply agroforestry regenerative boost biodiversity and store significant amounts of carbon in trees and in the soil. Replanting trees and organic cocoa cultivation can store enough carbon to offset the entire carbon footprint of our organic cocoa products!

From 2021, Tradin Organic is engaging in an extensive agroforestry program, starting with our cocoa farmers in Sierra Leone.



### PROVEN BENEFITS OF ORGANIC **AGROFORESTRY**

In 2018, we worked together with Soil & More Impacts to do a True Cost study on our organic cocoa. This study showed that the impact on the environment of organic cocoa production is lower than conventional (nonorganic) production.

In addition, the study showed that regenerative organic production practices have the potential to create vital benefits for the environment. Regenerative practices can help to sequester more carbon, boost

soil health and foster biodiversity.



### BIODIVERSE COCOA PARCELS

In 2020, a biodiversity assessment was carried out on Sierra Leone cocoa parcels. The results were impressive: over 80 different tree species and over 57 animal species were identified, including 25 different bird species.

One of these birds that are commonly found on Sierra Leone cocoa farms is the Great Blue Turaco (*Jorpo Kpuai* in Mende, a major language in Sierra Leone). The Great Blue Turaco is widespread throughout the African tropical rainforest.



### AGROFORESTRY PROGRAM IN SIERRA LEONE



The goals of the program are to prevent deforestation and replant thousands of trees. By establishing a smart regenerative agroforestry system, farmers improve and diversify the yield of their plantations. The agroforestry systems will introduce a variety of crops on the plantations (shade trees with economic benefits such as fruit- and timber trees), which promote biodiversity while enabling farmers to diversify their income and boost their food security. This helps to eliminate the incentive to clear new plots of land. Moreover, a well-developed regenerative agroforestry system will boost carbon sequestration and help combat climate change.

A selection of activities that will take place in the coming years:

- Establish nurseries in cocoa farming communities for cocoa and other tree seedlings
- Enable the planting of more than 200,000 cocoa trees and 40,000 other trees
- Integrate agroforestry and regenerative organic training in our existing Farmer Field School and Farmer Service Center model
- Organize awareness-raising activities on the impact of deforestation
- Integrate deforestation and reforestation monitoring in our traceability software

### **CHILD PROTECTION PROGRAM**

At Tradin Organic we are committed to ethical sourcing and believe that our organic sourcing projects should be pivotal in helping farming communities to promote Human Rights and prevent child labor.

Our Supplier Code of Conduct strictly forbids our suppliers to use child labor. Furthermore, we work with certification programs, such as Fairtrade and Rainforest Alliance to help guarantee that our suppliers have child labor prevention policies in place. Furthermore, we aim to visit all our suppliers in person at least once every two years and commit to longterm partnerships.

On top of these certifications and visits, we have developed a Child Protection Program in Sierra Leone, with which we are taking the next leap to help prevent child labor on organic cocoa farms in Sierra Leone. Going beyond the Fairtrade certification, our program aims at enabling our cocoa farming communities to obtain a living income, protect children and keep them in school.

For our Child Protection Program, we rely on partnerships with different governmental institutions, as well as local and international NGO's. We invite our customers and partners to get involved in our goal to prevent child labor.



WORKING
TOGETHER WITH
COCOA FARMERS
AND COMMUNITIES
TO EMPOWER
CHILDREN AND
YOUTH

#### **KEY PROGRAM ACTIVITIES:**

- Monitoring and remediating risks of child labor by strengthening local Child Welfare Structures
- Raising awareness on child labor topics and risks through amongst other radio discussions
- Set up of Village Saving and Loans Associations for a living income for farmer communities

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### CUSTOMER ENGAGEMENT

The Fairtrade Organic Cocoa Butter in Lush's new Charity Pot Coin is grown by Sierra Leonean farmers living on the Gola Rainforest edge. On its website, Lush celebrate the partnership efforts:

"Lush' supplier Tradin Organic supports farmers with training on ecological and organic agriculture. Together, they are reforesting one of the most biodiverse, and threatened, rainforests in West Africa."



### WE INVITE YOU TO BECOME INVOLVED

Tradin Organic's integrated organic supply chains offer full traceability from cooperative to customer. We actively invite customers to participate in our programs at origins.

### **BENEFITS:**

- Upscaling livelihood- and technical assistance projects at our cocoa origins:
  - Organic cocoa production training to cooperatives
  - Agroforestry Program
  - Child Protection Program
- Increased connection and affinity between you and the cocoa origins
- Communication of activities and impact to your end consumer



### SUSTAINABLE COCOA PROCESSING



Crown of Holland is the organic cocoa processing facility within the Tradin Organic organization. Crown of Holland processes organic cocoa beans into various semi - finished products, such as cocoa liquor, -butter, -powder and -nibs. The shells, by-products of the cacao processing, are used either as animal feed or as raw material for green biogas production.

The processing of cacao beans is an energy intensive process which requires substantial heat for food safety requirements and efficient processing. Crown of Holland and Tradin Organic recognize their environmental responsibility and constantly monitor energy usage, water, and waste streams. The factory uses state-of-the-art equipment, which allows to process organic cocoa in the most efficient way possible while pushing for the highest product quality. Corrective and preventative maintenance programs are in place which continue to reduce consumed energy per ton produced beans.

Tradin Organic and Crown of Holland have the ambition to be carbon neutral by 2025. To achieve this challenging target the organisation is continuously investing in energy reduction and saving solutions. In 2020 this was achieved by amongst others replacing the compressed air installation which reduced electricity consumption; research on steam consumption; and a plan of action on energy monitoring systems. In addition to monitoring and reducing our processing footprint, we are working on a carbon insetting program starting in 2021. This program should allow us to offset the entire carbon footprint of our cocoa processing facility, by planting thousands of trees at our cocoa sourcing project in Sierra Leone.

BEING ENVIRONMENTALLY CONCIOUS

"WE CONSTANTLY MONITOR ENERGY, WATER, AND WASTE AND CONTINUE TO REDUCE CONSUMED ENERGY PER TON PRODUCED BEANS"

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## OUR CURRENT COCOA CERTIFICATIONS





### **SOCIAL**





















### Joining the Dutch Initiative on Sustainable Cocoa (DISCO)

In 2020, Tradin Organic became a signatory of the Dutch Initiative on Sustainable Cocoa (<u>DISCO</u>). DISCO is a sector-wide partnership that sets common goals on 1) working towards a living income for farmers, 2) end deforestation in sourcing areas, and 3) ending all forms of child labor in sourcing areas. These goals fully align with Tradin Organic's vision on an ethical and sustainable cocoa sector.







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