

2022

# Toms Group A/S – Our efforts



**Cocoa &  
Forests  
Initiative**

## The Cocoa & Forests Initiative:

### Collective Action to End Cocoa-Related Deforestation

The governments of Côte d'Ivoire and Ghana and 35 leading cocoa and chocolate companies, representing 85% of global cocoa usage, joined together in the [Cocoa & Forests Initiative](#) to end deforestation and restore forest areas. Their combined actions play a crucial role in protecting and restoring biodiversity, sequestering carbon stocks in West African forests, and addressing climate change in line with the Paris Climate Agreement. The Cocoa & Forests Initiative delivers on Sustainable Development Goal 13 (Climate Action) and 15 (Life on Land).

The Cocoa & Forests Initiative is a public private partnership based on frameworks for action ([Côte d'Ivoire](#) and [Ghana](#)) and action plans for the private sector ([Côte d'Ivoire](#) and [Ghana](#)) and public sector ([Côte d'Ivoire](#) and [Ghana](#)) that spell out commitments to:

- protect and restore forests,
- promote sustainable cocoa production and farmers' livelihoods,
- engage communities and boost social inclusion.

To learn more, follow #CocoaAndForests on social media, or visit [CocoaAndForests.org](#) and [WorldCocoaFoundation.org](#).

The [World Cocoa Foundation](#) (WCF); [IDH, the Sustainable Trade Initiative](#); and the Governments of Côte d'Ivoire and Ghana drive the Cocoa & Forests Initiative. King Charles III (then known as The Prince of Wales) launched the Initiative in March 2017 and reviewed implementation progress in November 2018.

Deforestation of tropical rainforests is a major issue in Côte d'Ivoire and Ghana, which together produce nearly two-thirds of the world's supply of cocoa, the main ingredient in chocolate. [Côte d'Ivoire](#) and [Ghana](#) respectively lost 26% and 9.3% of their humid primary forest between 2002 and 2020, with a significant portion of deforestation attributable to cocoa farming expansion.

Cocoa provides crucial income to communities in rural West Africa, but farmers are too often faced with poverty. Poverty is one of the causes of deforestation. Accelerating a transition to sustainable livelihoods is essential for farmers' economic security and a healthy planet.

The Cocoa and Forests Initiative is an example of successful collaboration between cocoa origin governments and cocoa supply chain companies working together with cocoa producing communities to strengthen the sustainability of the cocoa sector by ending deforestation, promoting reforestation and improving sustainable livelihoods for cocoa farmers and their communities.



## Fighting for sustainable cocoa

Key elements of Toms Group corporate social responsibility lie at the beginning of our value chain. We must safeguard and promote a sustainable use of the resources of our planet, and act with care for human rights throughout our supply chain, ensuring responsible procurement practices. Therefore, the first pillar in our sustainability strategy is Responsible Sourcing. We will protect forests and defend children's rights throughout our entire supply chain. We will fight against deforestation and child labour - by 2025, in our cocoa supply chain, and by 2030, across our entire supply chain. These are significant tasks. With decades of experience fighting for sustainable cocoa, we recognise that the complex social and environmental challenges in the cocoa supply chain will not be solved easily or quickly. The same applies to the issues related to some of our other raw materials. However, this is not an excuse for not doing what we can.

### Increasing our efforts

For the last two decades, we have invested in local initiatives to improve the livelihoods of cocoa farmers and their children and to protect forests. We have sourced our cocoa beans through programmes supporting sustainable cocoa production and have been involved in leading international organisations collaborating for lasting changes in the cocoa industry on a large scale. We will continue all of this. However, we are now committed to increasing our efforts and pushing for more changes at a faster pace. By the end of this year (2023), 100% of our cocoa suppliers will be required to meet the same standards: the cocoa must be covered by standards where the farms are proven to have no deforestation and with systems in place, that effectively prevent, monitor, and remediate child labour.

### What we have been able to do in Ghana

But before we can reach the targets set for 2023 and 2025, it is important to report what our initiatives, efforts and collaboration in 2022 amounted to.

Preventing deforestation is a key element of our strategy, and in 2022 the number of hectares in our direct supply chain that has undergone and completed a deforestation risk assessment increased to 3.516, up from 1.561 in 2021. We also ensured that efforts in mapping the farms and cocoa plots increased, and we saw those efforts pay off, almost doubling the numbers to 3.492 cocoa plots and 1.418 farms that have been mapped in our direct supply chain.

41.701 improved cocoa seedlings have been distributed to farmers because of our efforts in 2022, aiding them in their effort to increase efficiency and causing less strain on the soil in the area. The total amount of improved cocoa seedlings distributed greatly exceeds the targets we have set, with more than 270.000



### Responsible Sourcing

We protect forests and children's rights throughout our supply chain

- 100% certified cocoa by the end of 2023
- Our fight against deforestation and child labour covers 100% of our cocoa supply chain by 2025
- Our fight against deforestation and child labour covers 100% of our full supply chain by 2030



seedlings distributed over the past 4 years. Multi-purpose trees have also been distributed on a large scale, and 43,236 of them were granted for on-farm planting, nearly four times the number in 2021.

But it is more than just seedlings and tree that have been sown, as secure foundations and empowerment projects has taken root this year. Individuals participating in women’s empowerment projects or enrolling in financial services, such as drought or flood insurance, has increased by more than a 100 people compared to last year in each category, to 333 and 289, respectively.

As an effort to increase the overall livelihood of the cocoa farmers, in 2022 16 groups of 15-30 people, split roughly equal between male and female participants, have banded together in Village Savings and Loans Associations, incentivising collaboration and pooling their savings. This provides the group members with access to basic financial services. As an added effect of

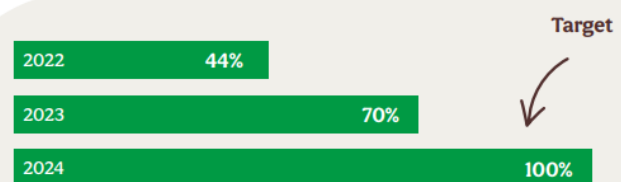
these groupings, entrepreneurial and leadership skills can be discovered among the members, and many have reported a rise in self-esteem and -confidence in their new roles in the group.

The basis of many of these efforts could not have been achieved without coaching and training the farmers, and in 2022 we helped ensure 1,018 farmers were reached by training programs involving sustainable agricultural methods and 1,042 farmers in Ghana have up-to-date farm development plans. Almost a third of these farmers being women. The development plans typically contain data-gathering efforts to help the farmer increase yield through digital means, also providing the foundation for many other data points.

## A commitment across our supply chain

Our commitment to fight deforestation and child labour covers more than cocoa. We are committed to equivalent targets for all raw materials in our supply chain. The question is, which raw materials are at the biggest risk and what to prioritise first. The path towards reaching this will be based on risk and materiality assessments of our raw materials. These complex assessments call for structured analysis and thorough planning, and they are still to be finalised with the help of strong partnerships and guidance on both socially and environmentally sustainable sourcing practices. When we have finalised a full risk-mapping of our supply chain, we will follow our progress, measured by the KPI “percentage of at-risk parts of our supply chain covered by due diligence mechanisms that effectively fight deforestation and prevent, monitor and remediate child labour”.

## Supporting sustainable cocoa



*In 2022, 44% of our total cocoa supply was sourced through the sustainability programme, Cocoa Horizon, or certified by Rainforest Alliance.*

*During 2023, we will keep increasing the amount of Rainforest Alliance-certified cocoa that we use so that, by the end of 2023, we will only be sourcing certified cocoa. We estimate that, on average, 70% of the cocoa that we source in 2023 will be certified.*

*From primo 2024, it is our target that 100% will be covered by certifications where the farms are proven to have no deforestation and with systems in place that effectively prevent, monitor and remediate child labour.*

## Reporting numbers and efforts – a 2021-2022 comparison table

Indicator	# Through direct investment (Last Reporting Year (2021))	# Through direct investment (Current Reporting Year (2022))
<b>FOREST PROTECTION AND RESTORATION</b>		
# of cocoa plots mapped in direct supply chain	1749	3492
# of farms mapped in direct supply chain	735	1418
# of hectares in the direct supply chain with deforestation risk assessments completed	1561	3516
# of farmers with land tenure agreements/documentation obtained via company support	0	19
# farmers informed, trained, and / or consulted on the new Forest Code, law enforcement, forest protection, and restoration	0	20
# individuals receiving PES: Total Active	0	85
# multi-purpose trees distributed for on-farm planting	11596	43236
# farmers trained in CSC best practices	0	57
<b>SUSTAINABLE PRODUCTION AND FARMERS' LIVELIHOOD</b>		
# improved cocoa seedlings distributed to farmers	6537	41701
# of farmers reached by GAP training programs	382	1018
# individuals participating in additional Income Generating Activities (IGA's)	0	28
# of individuals in the current reporting year enrolled in formal financial products and services with support from companies	197	289
# of members of VSLA groups in the current year	235	333
# of VSLA groups in the current year	6	16
<b>SOCIAL INCLUSION AND COMMUNITY</b>		
# of individuals participating in women's empowerment projects and activities	235	333