

INTRODUCTION

2022 marks Cocoasource's 15th anniversary, prompting us to reflect on the progress we've made at each of our field operations in the various countries we operate in throughout the African continent.

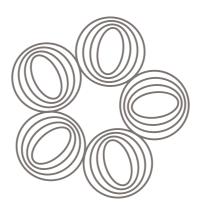
At the same time, we remain conscious of the systemic challenges that remain in the cocoa supply chain and the hardships faced by many farmers who depend on cocoa cultivation for their livelihoods.

In line with this, we are pleased to share Cocoasource's 2022 Sustainability Report, which builds upon the progress and accomplishments of the previous year towards our long-term ambition of being a

transformative force for positive change in the cocoa sector.

The work in 2022 builds on the efforts of our dedicated sustainability teams over the past four years. These teams have diligently worked to enhance transparency in the supply chain, facilitate Living Income, and design comprehensive field programs in collaboration with our partner customers and cooperatives.

With sustainability teams in Ivory Coast, Uganda, Togo, and Ghana, but now also in DR Congo and Sierra Leone, we are investing in greater proximity with the cocoa communities that we serve.



ABOUT COCOASOURCE

At Cocoasource we believe in vertically integrated supply chains, from farmers to consumer-facing brands.

Thanks to our subsidiaries in Ivory Coast, Ghana, Togo, Uganda, DR Congo, and Sierra Leone we are able to source and deliver traceable cocoa beans and implement sustainability initiatives directly on the ground.

Additionally, we trade cashew nuts via our HQ in Switzerland and rubber via Cocoasource Pte in Singapore

3 INTRODUCTION 3 **ABOUT COCOASOURCE** 4 **VALUES AND COMMITMENT** 5 **OUR APPROACH - ON THE GROUND OUR APPROACH - IN THE BUSINESS** 7 **OUR SUPPLY CHAIN** 9 **UPDATES FROM THE FIELD** 10 INNOVATING FOR SUSTAINABLE SUPPLY CHAINS 14 **2022 SUSTAINABILITY ACTIONS** 16 21 WHAT'S COMING UP IN 2023

VALUES AND COMMITMENT

As an impact-focused company, we act as a platform to deliver transparent and responsible sourcing solutions that create value for both our customers and partner farmers. We achieve this by building strategic partnerships with our partner cooperatives and implementing impact-driven programs on the ground with leading implementation partners. When it comes to sustainability in the supply chain, our core objectives are:

Fully traceable, dedicated, and digital supply chains

Living Income for the farmer base

Best-in-class field programs creating value for farmers

We also acknowledge the structural social, economic, and environmental challenges that exist in the cocoa sector; and realize that many of these challenges may have been accentuated by the opaque practices of the overall industry itself. And it is precisely for this reason that we strive to be an innovative and disruptive force for good in the sector.

In concrete terms, this means innovating in the way in which we conduct our cocoa trading business.

For instance, we promote "open book" deals in which we transparently lay out all the costs and margins for the various actors in the supply chain.

We also look to innovate in the way our own business is conducted and managed – this by partnering and co-investing with local cocoa entrepreneurs in the various countries in which we operate.



Yobo Guillaume Constant
Director of Soleil cooperative

Souleymane
Monitoring and evaluation manager at Ocean

OUR APPROACH - ON THE GROUND

We firmly believe in the need for sustainability activities to be co-created with our partner farmers and cooperatives – this as opposed to imposing top-down decisions on the supply base. To achieve this, we leverage the long-term partnerships that we have with our supplying cooperative partners. In terms of financing these initiatives, we are able to access and utilize premiums from long-term dedicated partner customers, as well as external funds from financial partners.

SUSTAINABILITY MANAGEMENT SYSTEMS

We work with our partners to ensure that processes and systems are in place in order to effectively manage our sustainable volumes.

digital management systems to streamline their activities and empower them to make data-driven decisions.

Traceability schemes – such as Fairtrade, Rainforest Alliance, and Organic serve as platforms to ensure that cooperative data such as farmer registers, volume and payment transactions with the farmer base, and sustainability policies are properly implemented at the cooperative level.

Furthermore, we provide ongoing support to select cooperative partners for implementation of the



IMPACTFUL AND INNOVATIVE PARTNERSHIPS

We are not the technical experts when it comes to various social, environmental, and cocoa farm topics. This is why we collaborate with specialized implementing partners who have expertise in topics such as agroforestry, forest protection, and cooperative empowerment.

We are leveraging various sources of external funding to enable the implementation of projects at cooperative and community levels. Importantly, we aim to align ourselves with partners who also recognize the importance of building capacity at the cooperative level.

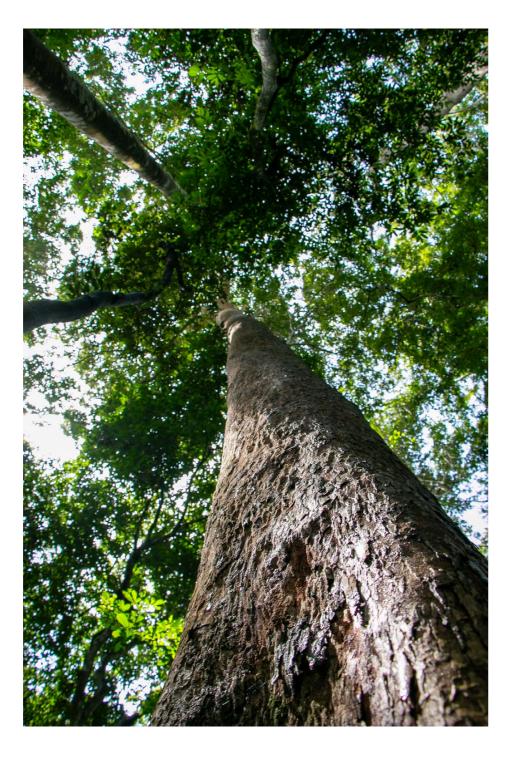
Through these programs, we support farmers in adopting sustainable farming practices, including agroforestry systems and organic farming methods. These practices can improve crop yields, build farm resilience, and reduce the environmental impact of cocoa production.

PUBLIC-PRIVATE PARTNERSHIPS

The challenges and opportunities in the cocoa sector extend go beyond what and single actor in the supply chain can handle.

For this reason, we are initiating engagement with a diverse range of stakeholders to foster collective action in key sourcing landscapes. By engaging in collective action with

stakeholders including other participants in the cocoa and chocolate sector, industrial players from other raw material sectors, international cooperation agencies, local governments, local civil society, impact financiers, and others, our objective is to accelerate positive impacts within our supply chain and in the wider physical landscape.



OUR APPROACH - IN THE BUSINESS

The challenges in the cocoa industry are well documented, notably through publications such as the VOICE Network's <u>Cocoa Barometer</u>. As a facilitator in the supply chain – we recognize that we have an opportunity to play a positive role in changing the way that cocoa is sourced and traded. In practice, we do this by promoting increased transparency in the business dealings along the supply chain, striving for transfer of increased share of the value to farmers, and co-investing with leaders from local cocoa communities.

OPEN-BOOK COCOA

Beyond transparency in terms of the exact geolocation of the cocoa origin (such as exact location and farm boundaries for farmers), we see the need to offer increased transparency when it comes to the actual business transactions that are made in our supply chain.

With our committed partner customers, we are progressively adopting an "openbook" approach. This means that we openly communicate to our final customers all the real costs involved to take the cocoa from origin to their warehouses – including payment to farmer, payment to cooperative, costs of implementing sustainability program, service costs (financing, processing, freight, insurance, etc.) and even the reasonable margin we aim to achieve.

By conducting business in this way, we aim to foster a partnership-oriented approach along the supply chain whereby end customers are more directly connected to the farmers and cooperatives at the base of their supply chain.

This direct way of conducting the cocoa trade also reduces opportunities for speculative behaviour in the market as the purchase and



OCEAN & COCOASOURCE
The sustainability teams

sales prices are agreed to transparently with all actors along the supply chain. While we are not yet operating all our business in this way, our aspiration is to embark as many of our clients as possible towards this approach.

FACILITATING LIVING INCOME

The Living Income debate is one that is extensively covered by various actors in the media as well as by civil society organizations that strive to improve conditions for smallholder farmers. In our view, poverty is the driver behind many of the social and environmental challenges that are faced by the industry. And while acknowledging that "living income" is not a magic bullet solution, we do firmly believe that it is a critical part of the solution.

When building traceability into our supply chain, we are not only doing this to comply with traceability requirements set out by final customers – we see traceability as a means to facilitate increased payments to farmers. Hence, we are working with our final customers to ensure increased farmer premiums – with the ultimate goal of attaining Living Income Reference Prices as set out by Fairtrade for Ivory Coast and Ghana origins.

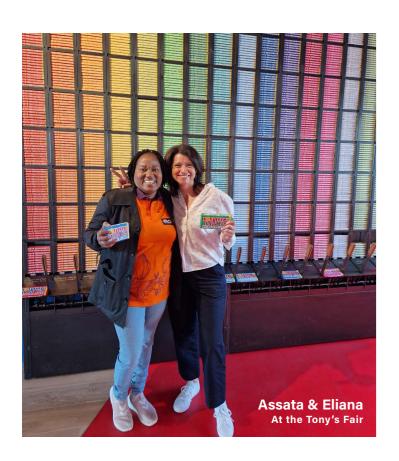
CO-INVESTING WITH COCOA LEADERS

True to our firm belief in value creation at origin, we are excited to continue the tradition of investing hand-in-hand in our local African entities with local entrepreneurs with solid expertise and integrity within their respective origins.

In line with this, we are proud to welcome Assata Doumbia Kone into the shareholding of our Ivorian subsidiary OCEAN SA.

With her extensive background as a cooperative leader for cocoa farmers, Assata brings a wealth of knowledge and experience.

She is also joining the team as the head of Ocean's sustainability department.





Assata's passion for sustainability, leadership skills, and commitment to making a positive impact make her the ideal candidate to lead our sustainability efforts In Ivory Coast.

Her unique perspective and expertise will help us drive real change and enhance the impact of our company on the communities we serve and the surrounding environment.

OUR SUPPLY CHAIN

We have been able to increase the percentage of our direct and traceable cocoa beans from 32% in 2020/2021 to 42% for the October 2021 to September 2022 campaign.

Traceability is the first step in sustainability – and having this knowledge allows us to act in partnership with our end-customers to bring additional value to farmers.

Below an overview of the traceable volumes and their associated certifications:

2021/22	Ivory Coast	Ghana	Uganda	Peru	Madagascar	TOTAL	% of total volume
FT VPT	9875	1240				11 115	18,2%
FT MB	222					222	0,4%
RA IP	6150	2290	28			8 468	13,9%
RA MB	1048	55			99	1 203	2%
FT VPT + RA IP	2775	225				3 000	4,9%
ORG	50		283			333	0,5%
ORG + RA IP	50		707	50		807	1,3%
ORG + FFL	175	100				275	0,5%
TOTAL	20 345	3 910	1 018	50	99	25 422	42%
Total Cocoa delivered in 2021-2022 (MT)						60 949	

Please find hereunder the 2020-2021 data for comparison:

2020/21	Ivory Coast	Ghana	Peru	TOTAL	% of total volume
Fairtrade	2 150	1 225		3 375	7%
UTZ	9 075			9 075	18%
Fairtrade + UTZ	650	325		975	2%
Rainforest Alliance	0	2 200		2 200	4%
ORG-EU	250	150		400	1%
ORG + UTZ	100		25	125	0,3%
TOTAL	12 225	3900	25	16 150	32%
Total C	49 788				

Traceable volumes traded locally are not included in this data.













9

Going forward, we will continue advancing on our mission to continuously increase the share of traceable, sustainable volumes in our portfolio.

UPDATES FROM THE FIELD

With a direct presence in six countries across the African continent and a team of 78 full-time staff at these origins, we are constantly building new relations with partner-suppliers, overseeing physical cocoa flows and logistics, ensuring quality, and continuing implementation of our sustainability strategy. In this section of our Report we are proud to share a few quick updates from each of our different offices.

A word from Matthieu Vidal,

Managing Director

"Sustainability with common sense is a philosophy that balances economic viability with social and environmental responsibility – and it all starts with building trust with our partners on the ground.

Once that is achieved, we are able to work in partnership to access impact-oriented cocoa markets. We then look to deepen the relations by implementing sustainability programs that positively impact the cocoa farmers' quality of life.

This is all possible through transparent and vertically integrated supply chains that we facilitate in the cocoa sector. As Cocoasource, we are not content with simply being a commodity trader. We have the conviction to leverage our transparent positioning in the supply chain to channel as much value as possible to our partners at origin. Throughout this report we are happy to share with you our latest updates and provide a taste of what's to come."

GHANA DIDWA COMMODITIES SOURCE & DELIVER

In Ghana, with our field operation partner Agro Eco, we supported the cooperative THV in obtaining its inaugural Rainforest Alliance certification.

Through this process, cooperative staff members were trained on climate-smart agriculture techniques. Through this work, in early 2023 the farmer base received their very first premiums for certified cocoa. This experience has enabled Cocoasource to support the creation of a potentially long-term buying commitment from a dedicated end-buyer with whom we are supporting a strong sustainability program for the benefit of the farmers and their community base.



Similarly to our work in Ghana, Cocoasource has played a role in facilitating financial and technical support to allow IBA cooperative in Togo to achieve Rainforest Alliance certification.

Additionally, we have trained cooperative staff for implementation of the Farmforce digital solution.

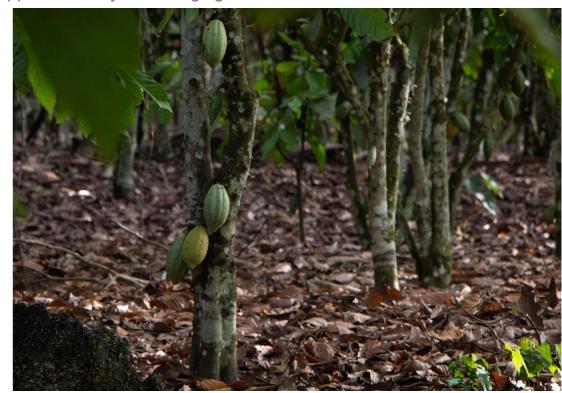
Dedicated cooperative management software such as Farmforce can help cooperatives to better manage their operations: crop production forecasts, volumes purchased from producers, prices and premiums paid, management of cash advances, and training and technical assistance plans for individual farmers.

We strongly advocate for these systems and the underlying data to be managed and controlled by the cooperative and its farmer base, as opposed to buyers managing the licenses on behalf of the cooperatives.

With IBA, we've also supported the digitalization of the physical supply chain by mapping out the farms of the 1,856 cocoa farmers. The combination of polygon mapping and digital management represents a powerful combination that will enable the cooperative to strengthen its operations, deliver traceable products, and prepare for compliance with upcoming European Union Deforestation Regulation.

Currently we are looking for consumer-facing brands to commit to partnering with IBA and its farmer base through establishment of a dedicated supply chain.

The work with IBA, as well as with THV in Ghana and COPAVGON in Ivory Coast, has been supported through a technical assistance facility managed by our financier, Incofin.



CÔTE D'IVOIRE OCEAN SOURCE & DELIVER

In Côte d'Ivoire, we have provided support to the cashew cooperative COPAVGON, located in Bondoukou, to obtain its Organic certification.

We have also assisted the cooperative with benefiting from various external funding streams.

This includes support from the USDA Pro-Cashew Project with farm equipment and training for Good Agricultural and Organic Practices, from GIZ for their organic certification audit, and from Incofin for renewal of their organic certification, training on mapping and data management, and the implementation of a digital management system owned by the cooperative (Farmforce).

Following the certification process, we have been able to place a few hundred tons of organic cashew on the market.



Through partnership with Swisscontact, we have been able to deepen our commitment with a network of around 1,500 farmers.

Specifically, we have been able to support the establishment and formalization of additional Village Savings and Loans Associations (VSLAs), provided training on Good Agriculture Practices, and enhanced the quality and productivity in both old and newly developed production areas.

As a result of these efforts, approximately 1,700 metric tons of cocoa have been RA certified in 2022, with a significant portion of this also obtaining Organic certification.

The ongoing partnership between Cocoasource/ATW and Swisscontact aims to benefit smallholder cocoa farmers in the Bundibugyo, Mukono, Kikuube and Kagadi districts, with a target of working with 6,000 cocoa farmers by the end of 2024.

In the previous phase of the partnership, over 1,500 smallholder farmers obtained certification and over 2,700 have undergone external audits by RA to determine certification status.

After having successfully sourced over 500 MT of certified cocoa in year one of the project, ATW managed to source 1,000 MT of traceable and certified beans (RA and Organic). This allowed us to transfer a total of \$57k worth of premiums directly to the farmers for the year 2022.





Cocoasource officially incorporated its export operation, Bahari Sarl, in the Democratic Republic of Congo (DRC) during the second half of 2021 and Bahari has completed its first cocoa purchases and export operations.

Organic certification has now been obtained and the certification process of our partnercooperatives has been initiated in 2023.





Cocoasource officially incorporated its export operation Akuna Cocoa in Freetown, Sierra Leone in May 2022.

The main reason for establishing export operations for both cocoa and cashew in Sierra Leone was to create a fully transparent, vertically integrated supply-chain, all the way from farmer-cooperative to consumerfacing brand in order to gradually replace the existing opaque sourcing model. There is good potential for improvement of the currently low yielding plantations, and development of the existing, under-utilised cooperative structures.

Through Akuna Cocoa, we aim to re-create trust between the cooperatives and their member-farmers through implementation of sustainable sustainability programmes, including capacity building of cooperatives, geo-localisation of farms, GAP trainings, and most importantly, provide transparency in the supply-chain allowing the farmer to gain visibility beyond his own farm-gate.

The ultimate goal is to find final off-takers that are willing to establish a direct relationship with their supplier base, facilitated by Akuna Cocoa and Cocoasource.



AKUNA COCOA

Team picture

INNOVATING FOR SUSTAINABLE SUPPLY CHAINS

The learnings and human connections we acquired through our core business of transparent and sustainable supply chains have presented us with opportunities to venture into new sustainable business endeavors. With this in mind we are happy to share overviews of our ventures in the world of chocolate and cashew nuts.

TREEGETHER®

Treegether is the only chocolate brand whose heroes are cocoa farmers. Treegether works in direct contact with, and sources its cocoa from a group of five farmers in four countries:

Joseph in Uganda, Odile and Suzanne in Madagascar, Ambroise in Cote d'Ivoire, and Edelmira in Peru.

Treegether provides customers with the opportunity to sponsor cocoa trees at farmers they can get to know on <u>treegether.com</u>.

The sponsored trees produce the cocoa used to produce the chocolate bars sent to the sponsors twice a year.



Enjoying chocolate made with Joseph's cocoa

Fabien and Joseph

Through tree sponsorship, customers directly contribute to supporting the farmers with a decent cocoa purchasing price and the implementation of a development project.

Last but not least, the programme makes the farmers valued for their hard work, proud and aware of why and for whom they work.

Moreover, by sponsoring a tree, customers get to discover exceptional bean-to-bar chocolate made with passion from five very distinctive cocoa types and gain insight into the journey from cocoa tree to chocolate bar.

Learn more about the project by visiting www.treegether.com



CISHEW COMPANY is a new start-up for healthy, sustainable and traceable cashew nuts, based in Almelo.

Cocoasource has a sizeable interest in this start-up and takes care of the sustainable, traceable sourcing of the raw cashew nuts from two partner cooperatives in the Bondoukou region lvory Coast for delivery to a processing plant in Yamoussoukro where the nuts are shelled.

The locally peeled nuts are then shipped directly to Rotterdam for onward transport to Almelo where CISHEW COMPANY has its own kitchen with a culinary chef who roasts the nuts and adds the various (healthy) flavours.



COPAVGON

For the time being, the final products are only sold online but plans for structured sales through alternative channels (retail, foodservice, etc) are currently in the pipeline.



Learn more about the project by visiting: www.cishew.com

2022 SUSTAINABILITY ACTIONS

DIRECT CASH PREMIUM DISTRIBUTION

We work with our clients and cooperative partners to ensure that a fair portion of the premiums received by the cooperatives is directly redistributed to their members in cash.

This distribution is carried out proportionally based on contributions made by farmers to the cooperative during the crop cycle.

For the 2021-2022 crop season, an estimated EUR 3.6 million was distributed in cash to nearly 25,000 members of our partner cooperatives in Ivory Coast, Ghana and Uganda. This represent around 33% of the overall EUR 11.1 million of premiums that were distributed to our partner cooperatives via our direct sourcing operations.

CHILD PROTECTION AND CHILD LABOUR MONITORING AND REMEDIATION

We work with our cooperative partners with the objective that each has a fully functioning child labour monitoring and remediation system (CLMRS) in place.

In terms of coverage, 16,465 households are part of this system and 22,628 children are being monitored in our supply chain. Of these, a total 2,756 children have been identified as being involved in child labour (12%).

Cleary, speaking of the presence of any child labour is very unfortunate and completely against our values. At the same time – we fully

embrace our role in the supply chain and see our presence as an opportunity to bring about change to the status-quo.

All children involved in child labour are receiving remediation support, including the payment of school fees , distribution of school kits, the acquisition of birth certificates (which are mandatory for child enrolment

in schools in Ivory Coast), as well as the establishment of bridge classes and organisation of parents' sensitisation session. Additionally, during the year, 5 schools have been renovated or constructed during the year. This brings the total amount of school constructions which we have facilitated to 31.

Much of these investments are made possible thanks to the long-term dedication of our partners Tony's Chocolonely and Ferrero, through whom we were able to support development of a CLMRS with cooperatives that were new to the system.



VSLA (VILLAGE SAVING AND LOAN ASSOCIATIONS)

A VSLA is a self-managed organisation of 15 to 25 community members created to securely save money and allow its members to take out small loans. Women are often well-represented in these associations.

The cooperatives often initiate, animate, and subsidise these associations. The groups frequently gather, allowing them to perform training sessions and awareness-raising activities.

In 2022, via the various programs with our partner clients and cooperatives we were able to support 262 VSLAs and their 5,527 members. EUR 271K were saved to finance diversification activities.

DIVERSIFICATION AND PRODUCTIVITY

Diversifying income sources can assist farmers in mitigating the risks of relying on a single crop or activity. This can enhance financial stability and provide farmers with more reliable and predictable income. Having multiple income streams can enable farmers to explore new opportunities and increase their overall earning potential whilst making them more resilient to external shocks.

In 2022, partner clients and cooperatives were able to support 850 people with growing plantain, cassava, maize, and other activities such as chicken breeding.

Concretely, this is done by gathering groups of 20 to 30 people and providing them with training, tools, seeds, land, transportation, and commercialisation services.



AGROFORESTRY PRODUCTION SYSTEMS

To bring about greater biodiversity, soil health, carbon storage capacity, and resilience to farmers – we have been promoting agroforestry cocoa farming by supporting tree nurseries and the distribution of trees. During the course of the past year, our cooperative partners have managed to distribute around 500,000 multipurpose trees for on-farm planting.

Moving forward we will be refining our approach to tree planting and agroforestry. While there are ample resources available for tree nurseries and tree planting, we recognize the importance of transitioning to a smaller scale farm-development plan approach.

Rather than focusing solely on planting large numbers of trees, we believe it is crucial to engage farmers in in co-creating farm development plans.

DECARBONIZATION

We have undertaken an analysis of our direct carbon emissions since 2020 to gain a better understanding of our climate impact.

Regarding direct emissions resulting from staff movement by air and road, including work commutes, we have calculated this to be 30 MT of CO2e.

However, it is Scope 3 emissions, which encompass indirect emissions associated wih our supply chain activities, that make up the majority of our emissions. These emissions primarily arise from land-use changes related to agriculture production and transportation in the upstream of the supply chain. Concerning Scope 3 transportation emissions, we have

This approach empowers farmers to actively decide the future of their farms, including diversification and transitioning to agroforestry systems. By involving farmers in decision-making processes, we can ensure greater ownership and long-term sustainability in agroforestry practices.



CABOZ
Tree nurseries for DAF - Dynamic Agroforestry

calculated this to be 5,250 MT of CO2e in 2022. We have not calculated the figure for the land-use change associated with the cocoa we purchase, as this would involve considerable complexity and assumptions.

Moving forward, we are committed to pursuing innovate approaches in climate-smart agriculture. We will explore Payment for Environmental Services (PES) schemes that allow for the transfer of value to farmers who actively contribute to maintaining and enhancing the carbon retention characteristics of their farms.

MULTI-STAKEHOLDER COCOA INITIATIVES

Cocoasource is a member of the following national and international initiatives.

In 2022, Cocoasource joined the World Cocoa Foundation and became a signatory of the Cocoa Forest Initiative (CFI). The CFI is a partnership between governments, cocoa companies, and civil society organisations to promote responsible cocoa production and forest protection.

By joining the CFI, Cocoasource is committing to implementing sustainable cocoa production practices, protecting forests, and improving the livelihoods of cocoa farmers via a concrete action plan over a three years period.

This partnership also provides us with access to resources, knowledge-sharing, and best practices for sustainable cocoa production. By working with other stakeholders, Cocoasource can contribute to a more sustainable cocoa industry, help protect the environment, and ensure the long-term viability of cocoa farming communities.

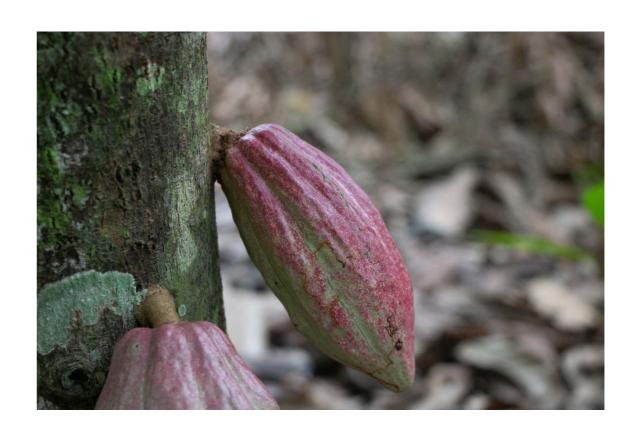












25,049 FARMERS Registered in database

Cocoa farms **mapped**

78K HECTARES

25,422 MT

Traceable cocoa sourced

Premiums to cooperatives

+11M€

22,628

Children monitored in CLMRS

Schools constructed/renovated in 2022

5

500K

Trees distributed and planted

WHAT'S COMING UP IN 2023

FOREST PROTECTION LANDSCAPE APPROACH

As Cocoasource we have recently joined a consortium working to protect some of the most important remaining forest areas in the southwest of Ivory Coast.

Through this Project, we are working to structure and manage a supply chain in the periphery of the forested areas and demonstrate that transparent cocoa supply chains can actually reinforce forest protection.

EU DEFORESTATION REGULATION (EUDR)

In anticipation of the EU No-Deforestation regulation for various raw materials, we are taking necessary steps to ensure compliance. This includes demonstrating transparency in our supply chains, conducting necessary risk assessments, and implementing relevant risk mitigation measures.

FURTHER DEVELOPMENT OF OUR UGANDA, DRC, AND SIERRA LEONE ORIGINS

We see significant opportunities to further develop our operations Uganda, DRC, and Sierra Leone. These origins hold great potential for local development and positive impact. Over the next year, we will be actively working to enhance and strengthen our operations in these countries. We will also actively seek additional clients that are interested in being part of these high-impact origins.

RUBBER

Our ambition is to not stop only at the cocoa supply chain – we also operate in the rubber trade and are working to create transparent supply chains that fairly renumerate smallholders while also ensuring forest protection.

By promoting sustainable rubber production, we aim to contribute to both environmental conservation and the livelihoods of rubber farmers. We are working actively to build further transparency and supplier and buyer relations in the rubber supply chain.

WANT TO SHARE YOUR IDEAS WITH US?

Contact us at sustainability@cocoasource.ch

