

Annual Report 2021



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01

Cacao-Trace Reporting

Overview of Cacao-Trace

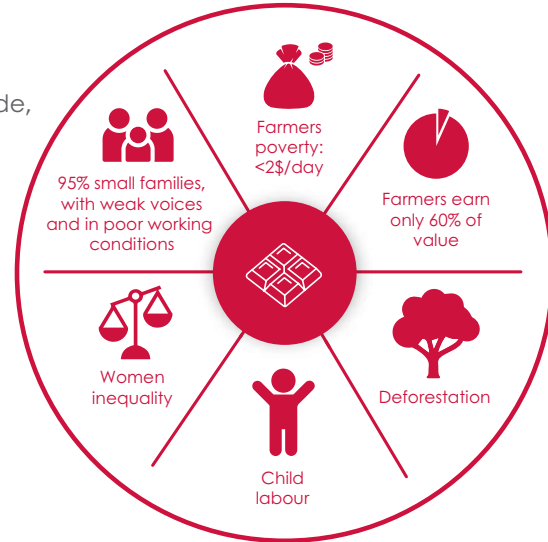
WHY CACAO-TRACE

At Puratos we've been developing delicious tasting chocolates since 1988 through our 3 brands Belcolade, Carat and Chocolanté.

Yet since 2 decades, the taste of chocolate is jeopardized by damaging images like reports on chocolate being linked to farmer poverty, imbalance in profit share, deforestation, child labour, poor working conditions and women inequality.

If we want to continue enjoy eating chocolates, we have to effectively address these issues.

That's why we created Cacao-Trace that goes beyond industry practices in addressing cocoa chain issues.



HOW CACAO-TRACE

Our way to effectively address cocoa chain issues is based on 3 pillars:

First pillar: Creating value. Once you create tangible value, consumers will be willing to pay more which will generate extra revenue. Cacao-Trace creates value by mastering cocoa bean fermentation and drying the beans in our post-harvest centers, resulting in superior tasting and consistently high-quality chocolate.

The second pillar is sharing the value and extra revenue created among all stakeholders and especially the cocoa farmers who suffer from imbalance in cocoa profit share.

The third pillar is commitment towards 4 key stakeholders (farmers, planet, customers and consumers) for a virtuous and prosperous cocoa chain FOR ALL.



Beatrice – Farmer Testimonial

"Since I joined the Cacao-Trace project my life has changed. Now I can easily afford the school fees of my children at university and high school. I am a 53 year-old single grandmother and I have decided to get married with Cacao-Trace forever."



Tine Neirinck – founder Cacaoté, Belgium

"The program actively works in improving the quality of the beans. This results in a better quality and a more pronounced taste of the chocolate, which is of great benefit to the consumer."



WHAT IS CACAO-TRACE (PROCESS)

Our **value creation** through taste strategy is implemented in 2 phases. First is identifying and contracting with a farmer community.

This starts with:

- Selecting a farmer community, then;
- Building a Post-Harvest Center (PHC), an investment within the community that is the symbol of our commitment;
- Committing to source from the community members and to buy 100% of community member's volume with a price premium on a yearly basis;
- Training the farmers in good agricultural practices (GAP) and quality wet beans delivery according to Cacao-Trace quality standard.



Select the community



Commit & contract



Build Post-Harvest Center



Train the farmers

The second phase is implementing the superior taste creation. This is based on the following 4 criteria:

- Buy only high-quality raw materials (such as high quality wet beans supplied by the farmers);
- Use professional equipment and tools like the post-harvest centers, wooden box fermenters, optimized sun dryers;
- Develop and implement processes with 6-7 days;
- Capitalize on our unique fermentation expertise ran by well-trained professional "Master fermenters" who can rely on Puratos' long-term fermentation expertise in Bakery.



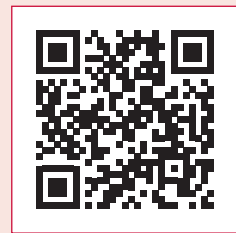
Our value creation strategy results into an incomparable network of 15 PHC in 7 countries

Our **value sharing** strategy uses 3 mechanisms:

- The first mechanism is **Quality premium**. With the quality premium we reward Cacao-Trace farmers for the high-quality wet beans they deliver to the post-harvest centers.
- The second mechanism is **Chocolate Bonus**. For every kg of Cacao-Trace chocolate sold, we charge our customers 10 Eurocents. We collect this money and send it back 100% to cocoa farmers. 30% of the total of the collected Chocolate Bonus is paid in cash, directly to the farmers in countries with basic living conditions fulfilled. The remaining 70% of the Chocolate Bonus is paid as community projects in countries without basic living conditions.
- The third mechanism is **100% farmer's volume commitment**. Once a farmer & farm are certified, we commit to buying all their beans that match the Cacao-Trace standards, without any influence of market demand such as the current market declining conditions. This guarantees their revenue.

Franz Kasser – Amelie Chocolaterie, Germany

"I had never tasted chocolate that was really good where I could say, yes, that's what I expect from taste. But with Cacao-Trace, my expectation has been met."



Commitment to stakeholders

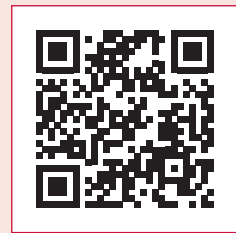
Our **commitment towards key stakeholders** for a prosperous cocoa chain for all, aims at resulting into:

- Better lives for farmers** (revenue, health, education);
- Better planet** (agro-forestry and planet resiliency);
- Better business for customers** (superior tasting chocolate, strong sustainability program with tangible impact to leverage their business, link to farmers and communication);
- Better consumer mindset** (thanks to superior tasting chocolate they can enjoy with peace of mind, knowing it's produced under strong care for people and planet).



Toussaint Claessens – The Chocolate Company, the Netherlands

"We refer the story largely to the website. It is stated on the new packaging. We have placed the certificates in the stores. The whole story has to be right, and that's the case here."



Vision / differentiation

With Cacao-Trace we fully support the 17 Sustainable Development Goals set by the United Nations. We have mapped them with our commitments and aim to contribute positively to them. We want to inform about the goals and create awareness amongst our employees, our suppliers, and our customers, ... so that everyone that is part of our supply chain can contribute to the realization of the SDG's.

The below chart aims to explain how Cacao-Trace is contributing to the SDG's. In order to have the picture of Cacao-Trace SDG impact, it is important to consider the synergies with the concrete actions and realization of the Next Generation Cacao Foundation and its specific additional contribution to SDG's which is further detailed in the dedicated part (page 48).





1. No poverty

With Cacao-Trace we brought to life an integrated sustainable cocoa program. A package of initiatives (including education, training, fair and premium pricing) is aiming at creating a better life for farmers. A central component of the Cacao-Trace program is to work on farmer income which is in our view at the origin of most of the issues related to cocoa supply chain.



3. Good Health and Well-Being

With the Cacao-Trace program, we conduct a health and safety risk assessment on our supply chain and elaborate a local action plan to ensure compliance with our standards.

Health and wellbeing training modules are gradually rolled out in the Cacao-Trace cocoa supply chain.



8. Decent work and economic growth

With Cacao-Trace our investment in local fermentation centers and our long-term volume engagement principle, is bringing stability in rural areas. This approach enables both Puratos and Cacao-Trace farming communities to engage in a long-term development dynamic.



9. Industry, Innovation, and Infrastructure

Cacao-Trace innovates by putting quality at the heart of its added value approach. This is reached through out Puratos continuous investment in post harvest infrastructure.



12. Responsible consumption and production

Waste stream management and if possible valorization is a key priority of Cacao-Trace, we are actively working towards the development of regenerative agriculture concepts applied to cocoa production. Next to that, we are exploring ways to valorize cocoa waste into animal and even human food production.



13. Climate action

By compensating our CO₂ emissions through a "Carbon in setting program" within our own cocoa supply chain, we intend to further decrease our carbon footprint and support cocoa producers in building more climate smart - resilient farms. Today we are already active in 6 Cacao-Trace programs with an agro-forestry project and aim at planting 3.4 million of trees by 2030.



17. Partnerships for the goals

By becoming a member of Beyond Chocolate and the Cocoa Forest Initiative, we created the necessary partnerships to work on eradicating child labor, assuring a living income for the cocoa farmers and stopping deforestation.

Kassi Amon Boris
Sustainability Manager
at Puratos cacao
West Africa



"I also have perfect joy in actually seeing the implementation of sustainability activities and their impact on the ground. Let's build a better world with Cacao-Trace."

Audit

Cacao-Trace standard and Auditing process

The Cacao-Trace standard is based on a three-year verification cycle including an initial verification audit, surveillance audits in the following two years, and a re-verification audit in the fourth year prior to expiration of the verification statement. The auditing process is the base of the certification of the Cacao-Trace ingredients. It is an important commitment to have an external audit which gives non-biased feedback and ensures high quality is delivered at all levels. It is in this way that we consistently challenge ourselves and our partners. The certification is performed with reference to the latest available Cacao-Trace Standard. Cacao-Trace programs are globally audited by Control Union. The goal of this partnership for Puratos & Belcolade is to ensure high and consistent level of audit in all our programs.

<https://certifications.controlunion.com/en>

The Cacao-Trace Standard is following a strict and dynamic continuous improvement process. The evolutions are guided by several elements:

- Puratos ground program direct implementation learnings.
- Suggestions from our external auditors.
- Third party sustainability due diligence.
- Evolution of sustainable markets & civil society priorities.
- International instances around cocoa and sustainability that Puratos has joined such as The Cocoa Forest Initiative ('CFI'), the World Cocoa Foundation ('WCF') and Beyond Chocolate.

Permanent improvement of the Cacao-Trace standard was needed to address further the social and environmental challenges that the cocoa supply chain is facing. That is why in December 2020 the Cacao-Trace standard Version 6 was released. It includes, amongst other, additional requirements such as:

- The Establishment of a Specific Cacao-Trace Grievance procedure under Principle 1 Legal responsibility.
- The protection of indigenous people rights under Principle 4 Social responsibility.
- A reworked Environmental regulation and conservation requirement under Principle 7 Environment.

Both the Standard V6 and the Grievance procedure are available on the Puratos website.



Bira Bini Kouassi Marcelin Responsible for Quality (Ivory Coast)

"The involvement of Puratos staff in the management of the Cacao-Trace program with the partners (cooperatives and exporters) allows them to take the program very seriously and to conduct the project in a professional manner."

Cacao-Trace Standard is applied at 3 levels

Depending on the context, the Organization of the supply chain can vary. Puratos has identified three main levels:

Level	Definition
Entity	A business unit that oversees the organization and management of implementing the Cacao-Trace Standard. The business unit can be Puratos Headquarters or any of its subsidiaries or chosen external partners. If responsibility for one supply chain is shared between more than one unit, the Internal Management Committee (IMC) should include representatives from all respective units.
Post-Harvest Unit	A unit where the cocoa post-harvest process (from the pods /wet beans to the dry beans) takes place. This unit can either be a large to medium scale processing unit or a small-scale collector and fermenter.
Production Unit	A unit that is growing Theobroma trees and producing cocoa pods. In some countries, production units can also take over the post-harvest process. In this case, they deliver dry beans to Puratos or an affiliated partner in the Cacao-Trace supply chain.

The Cacao-Trace Standard has 7 principles

More than 60 Requirements are grouped into 7 principles, which are applied at the 3 levels defined above.

- 1 Legal Responsibility and Management
- 2 Quality and Traceability
- 3 Economic Responsibility
- 4 Social Responsibility
- 5 Health and Safety
- 6 Best Agricultural Practices
- 7 Environmental responsibility

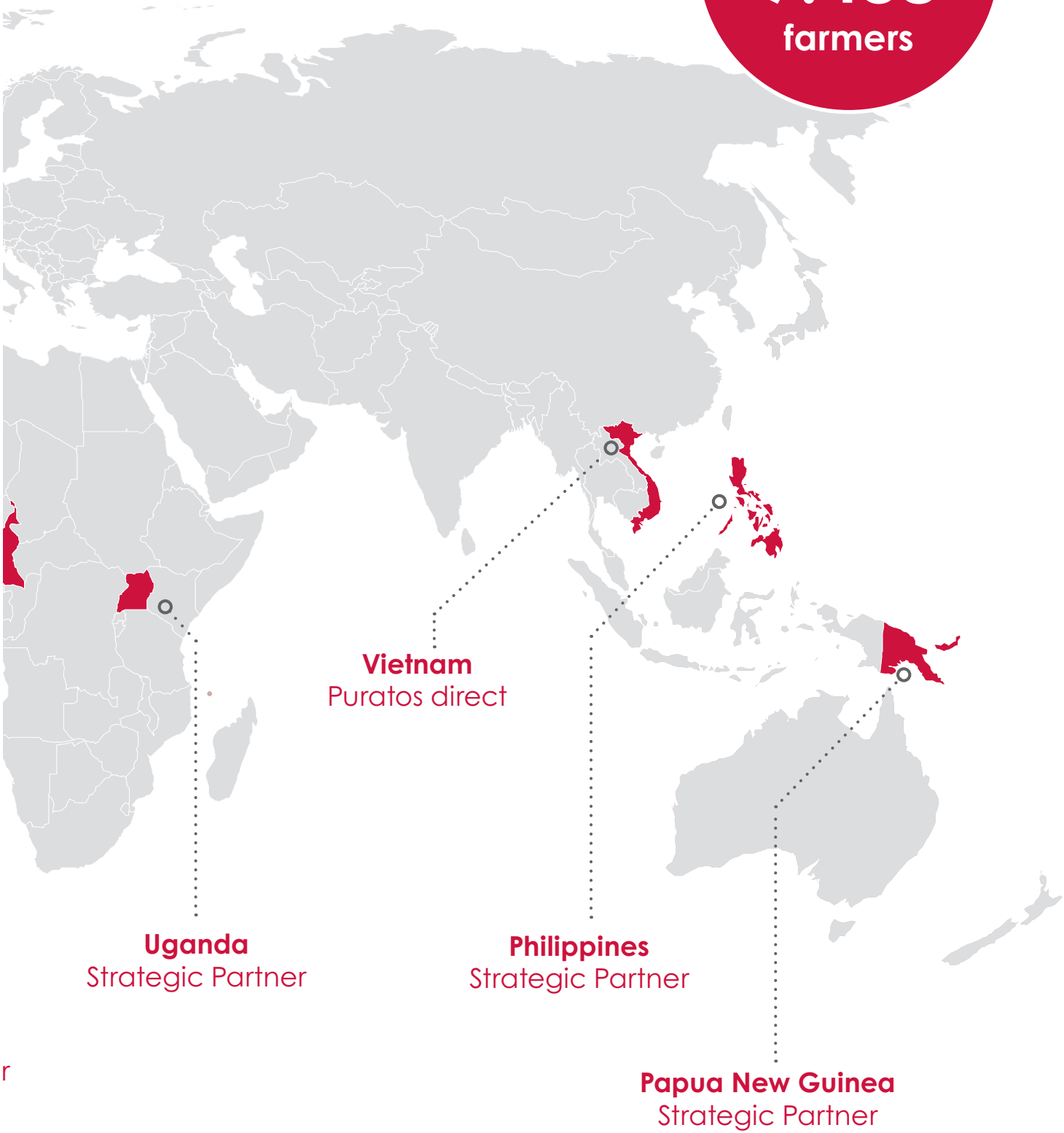
KPI

At the end of 2021 Cacao-Trace counted 7 active programs

We are currently deploying the Cacao-Trace initiative in Vietnam (2014), in Ivory Coast (2015), in the Philippines (2017), in Mexico (2018), in Uganda (2018), Papua New Guinea (2018) and Cameroon (2020).



Reaching
about
9.438
farmers





CAMEROON

After a year of transition, 2021 was the first year that the Cacao-Trace audit was carried out in Cameroon, achieving a notable high overall score, thanks to the dedication and support of the local and regional teams. The program engages exclusively with 4 young cooperatives producing fine Trinitario types of cocoa. The 4 cooperatives include:

- SOCOOLAMOCAM COOP-CA located in Lembe-Yezoum
- NG-NGORO COOP-CA located in Ngoro
- SOCOPROCANYK COOP-CA located in Simanyai
- SOCOOPEC-N COOP-CA located in Ntui

Each of those 4 cooperatives is structured around a post-harvest center fully equipped to deliver premium Trinitario cocoa.

All volumes from this program are dedicated to a special project in partnership with the French artisanal chocolatiers' initiative "Chocolatiers Engagés" who aims to contribute to improving the cocoa growers living conditions. The program on the ground is specifically supporting new generations of cocoa farmers.

A few points of improvement include data flow and documentation, and farmer protective equipment. Farmers typically ask the local spraying group to come when needed. However sometimes when they are not available the farmer does the application himself and doesn't have proper protective equipment to wear.



CACAO-TRACE PROGRAM			FARMER COMMUNITY	
INITIAL YEAR 2020	MASTER CT FERMENTATION CENTERS 4	TOTAL INVESTMENT - IN CENTERS	TOTAL FARMERS 282	AVERAGE FARM SIZE HA 3,2
	EXPERTS & TRAINERS 3	% TRAINED FARMERS 100%	TRACEABILITY TO FARM 100%	DIGITAL MAPPING N/A
	DIRECT FULL-TIME JOBS 8	WOMEN FULL-TIME JOBS 0	CLMRS N/A	
CACAO-TRACE CERTIFICATION % 2021 85%				

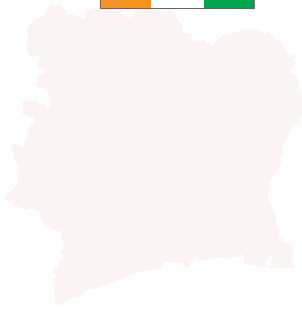
COCOA BEAN				
CT VOLUME 2021 (VOLUME/T) 65T	FERMENTATION METHOD 	DRYING METHOD 	VARIETY: TRINITARIO 	SENSORY FLAVOUR PROFILE CATEGORIES
% FERMENTED IN CT CENTERS 100%				
% FERMENTATION BY TRAINED CT FARMERS -				

ECONOMIC IMPACT			CHOCOLATE BONUS
MARKET *	CACAO-TRACE		
CURRENT FARM GATE PRICE/MT 1.372€	AVERAGE FARMER QUALITY PREMIUM PAID/MT 304€	CHOCOLATE BONUS/KG 0,10€	
MINIMUM PRICE (APPLIED OR NOT) YES	TOTAL CHOCOLATE BONUS: 2020 NOT INITIATED	2021 9.485€	
	DISTRIBUTION:		

ENVIRONMENTAL IMPACT	COMMUNITY PROJECT
AGRO-FORESTRY 2021 NOT INITIATED	

* **Current Farm Gate Price** (market information) is shown for information purposes in order to quantify the relative impact of the Cacao-Trace measures.

Minimum Price: the Cacao-Trace program has already implemented a minimum price policy in three countries and is preparing the transition to minimum price in the other sourcing countries in the coming years.



IVORY COAST

Puratos & Belcolade started the development of Cacao-Trace in Ivory Coast back in 2015. We entered a long-term partnership with an organization of farmers from the San Pedro region, the Entreprise Coopérative de Saint Paul ('ECSP'). For seven years now the program supports Cacao-Trace communities and has concrete impact on farm conditions and farmer's life condition.

2021 was a big year for Cacao-Trace in Ivory Coast, as we set in motion an important effort to grow our program from 2 cooperatives to 10. You will find below the list of cooperatives we are sourcing from in the country as from main crop 2021.

- COOP CA ECSP (Entreprise Cooperative de Saint Paul)
- COOP CA SCAK (Société Cooperative Agricole de Fatouakro)
- COOP CA CAGNAN (Société Agricole de Gnanpoadji)
- SOCASS COOP-CA (Société Coopérative Agricole Sabary de Sago)
- COOP-CA SCAGB (Société Coopérative Agricole de Gbagbam)
- SOCOAMO (Société Coopérative Agricole de Monogaga Carrefour)
- COOPAGRO (Société Coopérative Agricole de Grobonou Dan)
- CAEHS Coopérative Agricole Ety-Ewoun-Anien du Haut Sassandra
- SCANFI (Société Cooperative Agricole Niamkey Et Famille De L'Indenie)
- SOCAT (Société Agricole Cooperative de Tabou)

Scaling up always requires dedication and support to establish the right dynamic. In the coming year there will also be a strong effort to increase digital mapping of farms.

In 2021 we were also delighted to kick off our inclusive agro-forestry project. Ivory coast cocoa sector needs a solid transition toward a more regenerative and climate smart agricultural model and we will strongly accelerate the agro-forestry project in the coming years.



Zouzoua Digbeu Alain
Responsible for the fermentation centers and community projects

"What gives me satisfaction in this Cacao-Trace program is that, at the core of its content, education and training are a priority."

CACAO-TRACE PROGRAM

INITIAL YEAR
2015



MASTER CT
FERMENTATION
CENTERS **2**

EXPERTS &
TRAINERS **15**

DIRECT
FULL-TIME JOBS **27**

TOTAL
INVESTMENT
IN CENTERS **500.000€**

% TRAINED
FARMERS **100%**

WOMEN
FULL-TIME JOBS **5**

CACAO-TRACE
CERTIFICATION % **2021 85%**

FARMER COMMUNITY

TOTAL FARMERS
2.371

AVERAGE FARM SIZE HA
3

TRACEABILITY TO FARM
100%

DIGITAL MAPPING
IN PROGRESS

CLMRS
IN PROGRESS

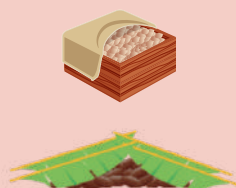
COCOA BEAN

CT VOLUME 2021
(VOLUME/T) **4.300MT**

% FERMENTED
IN CT CENTERS **12%**

% FERMENTATION
BY TRAINED CT
FARMERS **88%**

FERMENTATION
METHOD



DRYING
METHOD



VARIETY:
FORASTERO



SENSORY FLAVOUR
PROFILE CATEGORIES



ECONOMIC IMPACT

CHOCOLATE
BONUS

MARKET *

CURRENT FARM
GATE PRICE/MT **1.257€**

MINIMUM PRICE
(APPLIED OR NOT) **YES**

CACAO-TRACE

AVERAGE FARMER
QUALITY PREMIUM
PAID/MT **72€**

CHOCOLATE
BONUS/KG **0,10€**

TOTAL CHOCOLATE
BONUS: **2020 243.502€**

DISTRIBUTION:

**2021 NOT
INITIATED**

ENVIRONMENTAL IMPACT

	2020	2021
AGRO-FORESTRY	FEASIBILITY STUDY	PLANTING
TREES PLANTED	0	40.000

COMMUNITY PROJECT

- 3 WATER PUMPS IN NERO-BROUSSE – GODJIBOUE – GENERALKRO (2021)
- 1.500 SCHOLARSHIP KITS (2021)
- 3 CLASSROOMS IN THE ZEGREBOUE COMMUNITY (2021)
- 3 CLASSROOMS + 08 TOILETS IN THE DAVIDKRO COMMUNITY (2021)

* **Current Farm Gate Price** (market information) is shown for information purposes in order to quantify the relative impact of the Cacao-Trace measures.

Minimum Price: the Cacao-Trace program has already implemented a minimum price policy in three countries and is preparing the transition to minimum price in the other sourcing countries in the coming years.



UGANDA

In 2018, Puratos entered a partnership with Olam and cocoa farmers groups located in the Bundibugyo district which is at the foot of the Rwenzori Mountains in western Uganda bordering the Democratic Republic of Congo. Those farmers were already in trade relationships with the local Olam. The cocoa beans produced in this region are mainly organic but unfermented and generally used for cocoa butter and powder making due to their high fat percentage. Through proper fermentation process, those Trinitario beans reveal unique and powerful flavors in chocolate recipes.

The partnership with Olam in Uganda started with the setup of an adequate fermentation center to collect wet cocoa beans and master the post-harvest process (fermentation and drying). In addition, the Cacao-Trace sustainability program was rolled out to the growers' community through various trainings on best agricultural practices and socio-environmental responsibility.

In November 2021, the Puratos team was finally able to travel to visit the community, after almost two years of Covid. The visit focused on post-harvest practices and quality. The Uganda program is one of the most advanced in terms of digital mapping and data collection for baseline surveys. Going forward there will be a focus on monitoring and providing support for identified weaknesses.



CACAO-TRACE PROGRAM				FARMER COMMUNITY	
INITIAL YEAR 2018	MASTER CT FERMENTATION CENTERS 1	TOTAL INVESTMENT IN CENTERS 86.680,5€	TOTAL FARMERS 375	AVERAGE FARM SIZE HA 1,16	TRACEABILITY TO FARM 100%
	EXPERTS & TRAINERS 7	% TRAINED FARMERS 100%	DIGITAL MAPPING AVAILABLE	CLMRS AVAILABLE	
	DIRECT FULL-TIME JOBS 16	WOMEN FULL-TIME JOBS 3			
CACAO-TRACE CERTIFICATION %	2020 97%	2021 98,3%			

COCOA BEAN				
CT VOLUME 2021 (VOLUME/T) 298T	FERMENTATION METHOD 	DRYING METHOD 	VARIETY: TRINITARIO FORESTARIO	SENSORY FLAVOUR PROFILE CATEGORIES
% FERMENTED IN CT CENTERS 100%				
% FERMENTATION BY TRAINED CT FARMERS -				

ECONOMIC IMPACT			CHOCOLATE BONUS
MARKET *	CACAO-TRACE		
CURRENT FARM GATE PRICE/MT 1.809€	AVERAGE FARMER QUALITY PREMIUM PAID/MT 119€	CHOCOLATE BONUS/KG 0,10€	
MINIMUM PRICE (APPLIED OR NOT) NO	TOTAL CHOCOLATE BONUS: DISTRIBUTION: NOT INITIATED	2020 NOT INITIATED	2021 16.096€

ENVIRONMENTAL IMPACT	COMMUNITY PROJECT
<p>2021</p> <p>AGRO-FORESTRY PLANTING TREES PLANTED 30.000</p>	

* **Current Farm Gate Price** (market information) is shown for information purposes in order to quantify the relative impact of the Cacao-Trace measures.

Minimum Price: the Cacao-Trace program has already implemented a minimum price policy in three countries and is preparing the transition to minimum price in the other sourcing countries in the coming years.



MEXICO


Motivated by the idea of preserving the Mexican cocoa biodiversity, Puratos also invested for the last 10 years in Criollo plantations in Yucatan. Puratos actively studies and maintains several sensitive varieties of cocoa threatened with extinction.

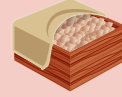



The Puratos Cacao-Trace program started in Mexico in 2018 with the establishment of a first post-harvest center in Comalcalco city, in the state of Tabasco. In this ancestral cocoa production area where one of the greatest diversities of cocoa varieties in the world can be found, Puratos & Belcolade are committed to preserve the tradition and encourage local communities to continue growing these challenging crops in Tabasco and Chiapas.

Puratos & Belcolade buy wet cocoa beans from small holder farmers and - as in all other Cacao-Trace programs - organize training activities adapted to local necessities.

Overall great results have been achieved with quality, community support and farmer trainings, despite the pandemic challenges. 2021 was the first-year agro-forestry training and seedlings were provided to the community in partnership with PUR Projet. Some areas are difficult to access due to security concerns. The team is in the process of implementing a digital farmer data management tool and will put high priority on this in the coming year.



CACAO-TRACE PROGRAM				FARMER COMMUNITY	
INITIAL YEAR 2018	MASTER CT FERMENTATION CENTERS 3	TOTAL INVESTMENT IN CENTERS 520.000€	TOTAL FARMERS 1.214		
	EXPERTS & TRAINERS 6	% TRAINED FARMERS 58%	AVERAGE FARM SIZE HA 2,7		
	DIRECT FULL-TIME JOBS 18	WOMEN FULL-TIME JOBS 18	TRACEABILITY TO FARM 100%		
CACAO-TRACE CERTIFICATION %			DIGITAL MAPPING N/A		
2020	86,9%	2021	CLMRS N/A		
NOT FINALISED DUE TO COVID-19					

COCOA BEAN					
CT VOLUME 2021 (VOLUME/T) 250T	FERMENTATION METHOD 	DRYING METHOD 	VARIETY: TRINITARIO 80% CRIOLO 20% 	SENSORY FLAVOUR PROFILE CATEGORIES 	
% FERMENTED IN CT CENTERS 100%					
% FERMENTATION BY TRAINED CT FARMERS -					

ECONOMIC IMPACT			
MARKET *		CACAO-TRACE	
CURRENT FARM GATE PRICE/MT 1.836€	AVERAGE FARMER QUALITY PREMIUM PAID/MT 115€	CHOCOLATE BONUS/KG 0,10€	
MINIMUM PRICE (APPLIED OR NOT) YES	TOTAL CHOCOLATE BONUS: 2020 35.055€	2021 19.385€	
	ADDITIONAL INCOME %:	0,9 MONTHS	0,9 MONTHS

ENVIRONMENTAL IMPACT	COMMUNITY PROJECT
<p>2021</p> <p>AGRO-FORESTRY PLANTING TREES PLANTED 39.700</p> <p>420 ha OF FOREST IN YUCATAN AROUND - TIKUL PLANTATION</p> <p>CRIOLLO BIODIVERSITY CONSERVATION - TIKUL PLANTATION</p>	

* **Current Farm Gate Price** (market information) is shown for information purposes in order to quantify the relative impact of the Cacao-Trace measures.

Minimum Price: the Cacao-Trace program has already implemented a minimum price policy in three countries and is preparing the transition to minimum price in the other sourcing countries in the coming years.



PAPUA NEW GUINEA

Puratos & Belcolade entered a strategic partnership with Olam Cocoa at the end of 2017 to improve cocoa farmers livelihoods and their communities by focusing on improving quality.

A member of the OLAM group, Outspan, has been operating in Papua New Guinea since 2000 and has acquired significant expertise in the management of the cocoa supply chain.

Outspan was selected as a local partner to implement Cacao-Trace. The ideas for development advocated by Cacao-Trace correspond in large measure to the Olam Livelihood Charter and Cocoa Compass.


The program launched in 2018 in the region of East Sepik with a controlled Cacao-Trace volume which was also certified to be organic. In 2021 a select volume of the existing Cacao-Trace farmer group maintained the Fairtrade certificate.

Now in the fourth year of Cacao-Trace there is a well-established engagement to the producers and fermenters providing all around support from sun dryer equipment to trainings. Many resources went into improving farmer data capture as well as maintaining quality levels. Papua New Guinea experienced in 2021 challenges from Covid-19 and limited movement to the producer communities. Harvests were lower than expected and shipping logistics greatly affected supply.



CACAO-TRACE PROGRAM

INITIAL YEAR
2018



SATELLITE CT FERMENTATION CENTERS **126**

EXPERTS & TRAINERS **33**

DIRECT FULL-TIME JOBS **23**

CACAO-TRACE CERTIFICATION % **2020 95%** **2021 92%**

TOTAL INVESTMENT IN CENTERS **101.000€**

% TRAINED FARMERS **100%**

WOMEN FULL-TIME JOBS **3**

FARMER COMMUNITY

TOTAL FARMERS **2.673**

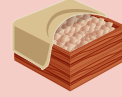



AVERAGE FARM SIZE HA **1,3**

TRACEABILITY TO FARM **100%**


DIGITAL MAPPING AVAILABLE

CLMRS IN PROGRESS

COCOA BEAN

CT VOLUME 2021 (VOLUME/T) 435T	FERMENTATION METHOD	DRYING METHOD	VARIETY: TRINITARIO	SENSORY FLAVOUR PROFILE CATEGORIES
% FERMENTED IN CT CENTERS 100%				
% FERMENTATION BY TRAINED CT FARMERS -				

ECONOMIC IMPACT



MARKET *	CACAO-TRACE	
CURRENT FARM GATE PRICE/MT 1.479€	AVERAGE FARMER QUALITY PREMIUM PAID/MT 41€	CHOCOLATE BONUS/KG 0,10€
MINIMUM PRICE (APPLIED OR NOT) NO	TOTAL CHOCOLATE BONUS: 2020 87.450€ 2021 65.250€	
	ADDITIONAL INCOME %: COMMUNITY PROJECTS	

ENVIRONMENTAL IMPACT	COMMUNITY PROJECT									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="background-color: #c00000; color: white;">2020</th> <th style="background-color: #c00000; color: white;">2021</th> </tr> </thead> <tbody> <tr> <td>AGRO-FORESTRY</td> <td style="text-align: center;">8.474</td> <td style="text-align: center;">8.474</td> </tr> <tr> <td>STOP WOOD FIRE DRYING TECHNIQUES</td> <td></td> <td></td> </tr> </tbody> </table>		2020	2021	AGRO-FORESTRY	8.474	8.474	STOP WOOD FIRE DRYING TECHNIQUES			<ul style="list-style-type: none"> 46 WATER HARVESTING SYSTEM – ANGORAM & YANGORU (2021) PRIMARY SCHOOL CLASSROOM CONSTRUCTION – ANGORAM & YANGORU (2021)
	2020	2021								
AGRO-FORESTRY	8.474	8.474								
STOP WOOD FIRE DRYING TECHNIQUES										

* **Current Farm Gate Price** (market information) is shown for information purposes in order to quantify the relative impact of the Cacao-Trace measures.

Minimum Price: the Cacao-Trace program has already implemented a minimum price policy in three countries and is preparing the transition to minimum price in the other sourcing countries in the coming years.



PHILIPPINES

In 2017, Puratos & Belcolade concluded a strategic partnership in the southern province of Mindanao with Kennemer Foods, an agri-food company based in the Philippines and geared to the sustainable development of cocoa production on the Island of Davao.

Kennemer Foods instigated the revival of the supply chain by providing innovative financing modes and fixing clear results for coconut producers in Davao.


Cocoa is now interposed with other crops and is spreading rapidly on the island.

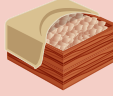



Puratos is currently investing in three fermentation centers in the country located in Calinan, San Isidro and Mati. Cacao-Trace is committed to improving the livelihood of local communities and will continue to scale up operations to increase impact. This global development also comprises implementation of the Chocolate Bonus.

In 2021, despite another challenging year of Covid, together with our partner Kennemer, we continued to invest in our Cacao-Trace communities. We opened our third post-Harvest Center in Mati, Davao Oriental and have been expanding buying points and farmer support. The year also saw challenges with harvest and unpredictable seasons.

Some points of improvement identified during the annual audit include communicating more around the grievance procedure, a new additional from Cacao-Trace Standard Version 6, as well as ensuring that all labor contracts are kept up to date. These two points were flagged as non-compliance and follow up actions were implemented after the audit.



CACAO-TRACE PROGRAM				FARMER COMMUNITY	
INITIAL YEAR 2017	MASTER CT FERMENTATION CENTERS 3	TOTAL INVESTMENT IN CENTERS 385.876€	TOTAL FARMERS 1.233		
	EXPERTS & TRAINERS 7	% TRAINED FARMERS 100%	AVERAGE FARM SIZE HA 1		
	DIRECT FULL-TIME JOBS 11	WOMEN FULL-TIME JOBS 5	TRACEABILITY TO FARM 100%		
CACAO-TRACE CERTIFICATION %			2020 86,81%	2021 80,5%	DIGITAL MAPPING IN PROGRESS
					CLMRS N/A

COCOA BEAN					
CT VOLUME 2021 (VOLUME/T) 268T	FERMENTATION METHOD	DRYING METHOD	VARIETY: FORESTERO TRINITARIO	SENSORY FLAVOUR PROFILE CATEGORIES	
% FERMENTED IN CT CENTERS 100%					
% FERMENTATION BY TRAINED CT FARMERS -					

ECONOMIC IMPACT			
MARKET *		CACAO-TRACE	
CURRENT FARM GATE PRICE/MT 1.515€	AVERAGE FARMER QUALITY PREMIUM PAID/MT 259€	CHOCOLATE BONUS/KG 0,10€	CHOCOLATE BONUS
MINIMUM PRICE (APPLIED OR NOT) NO	TOTAL CHOCOLATE BONUS: 2020 34.426€	2021 39.004€	
	ADDITIONAL INCOME %:	1,2 MONTHS	1,2 MONTHS

ENVIRONMENTAL IMPACT			COMMUNITY PROJECT	
	2020	2021		
AGRO-FORESTRY TREES PLANTED	PLANTING 49.000	PLANTING 31.800		

* **Current Farm Gate Price** (market information) is shown for information purposes in order to quantify the relative impact of the Cacao-Trace measures.

Minimum Price: the Cacao-Trace program has already implemented a minimum price policy in three countries and is preparing the transition to minimum price in the other sourcing countries in the coming years.



VIETNAM


Puratos Grand-Place Vietnam has been involved in the Cacao-Trace program since 2014 and has been the initiator of this great concept. In the Mekong Delta there is full vertical integration of the supply chain from farmer training, bean buying, post-harvest process to grinding beans into cocoa mass. Our team is committed to creating value for all stakeholders through high quality and flavor differentiation.

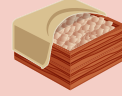



As the longest running Cacao-Trace program, Vietnam has been focusing on increasing partnerships and innovating new farming and process approaches such as closed loop models. In 2021 there was a successful launch of an innovative chocolate product concept named "60Days" which required close coordination and planning of the harvest and bean supply. The team has also started to work with a digital tool, to improve data capture and farmer technical support. It was also one of the most difficult years to date as the country experienced close to 4 months of harsh lockdowns. Despite these challenges the team remained in close virtual contact with the farming communities to provide guidance and maintain bean purchases.



Loan Ho Thi Ngoc
Cocoa Purchasing Manager Highlands

"I have been working at Puratos Grand Place Vietnam since 2013. When I first joined, my friends told me I wouldn't last long on the job because it would be too difficult for a small girl like me. Yet 1 month passed then another and now almost 10 years later, I am still here. The feeling of overcoming oneself and bringing joy to the farmers, bringing sustainability to the cocoa industry, bringing farmers' confidence in cocoa... it's so great! Now, many farmers know about our company, about the difference of high quality and value of cocoa beans."

CACAO-TRACE PROGRAM				FARMER COMMUNITY		
INITIAL YEAR 2013	CACAO-TRACE FERMENTATION CENTERS	2 MASTER 68 SATELLITE	TOTAL INVESTMENT IN CENTERS	770.136€	TOTAL FARMERS	1.289
	EXPERTS & TRAINERS	5	% TRAINED FARMERS	100%	AVERAGE FARM SIZE HA	0,7
	DIRECT FULL-TIME JOBS	21	WOMEN FULL-TIME JOBS	11	TRACEABILITY TO FARM	100%
	CACAO-TRACE CERTIFICATION %	2020 93,5%	2021	NOT FINALISED DUE TO COVID-19	DIGITAL MAPPING IN PROGRESS	
					CLMRS	N/A

COCOA BEAN					
CT VOLUME 2021 (VOLUME/T)	642T	FERMENTATION METHOD	DRYING METHOD	VARIETY: TRINITARIO	SENSORY FLAVOUR PROFILE CATEGORIES
% FERMENTED IN CT CENTERS	100%				
% FERMENTATION BY TRAINED CT FARMERS	—				

ECONOMIC IMPACT			CHOCOLATE BONUS
MARKET *	CACAO-TRACE		
CURRENT FARM GATE PRICE/MT	1.969€	AVERAGE FARMER QUALITY PREMIUM PAID/MT	393€
MINIMUM PRICE (APPLIED OR NOT)	YES	CHOCOLATE BONUS/KG	0,10€
		TOTAL CHOCOLATE BONUS:	2020 64.460€ 2021 87.386€
		ADDITIONAL INCOME %:	0,9 MONTHS 0,9 MONTHS

ENVIRONMENTAL IMPACT	COMMUNITY PROJECT	
	2020	2021
AGRO-FORESTRY PLANTING TREES PLANTED	12.505	21.289

* **Current Farm Gate Price** (market information) is shown for information purposes in order to quantify the relative impact of the Cacao-Trace measures.

Minimum Price: the Cacao-Trace program has already implemented a minimum price policy in three countries and is preparing the transition to minimum price in the other sourcing countries in the coming years.

Cacao-Trace approach to address the cocoa supply chain key challenges

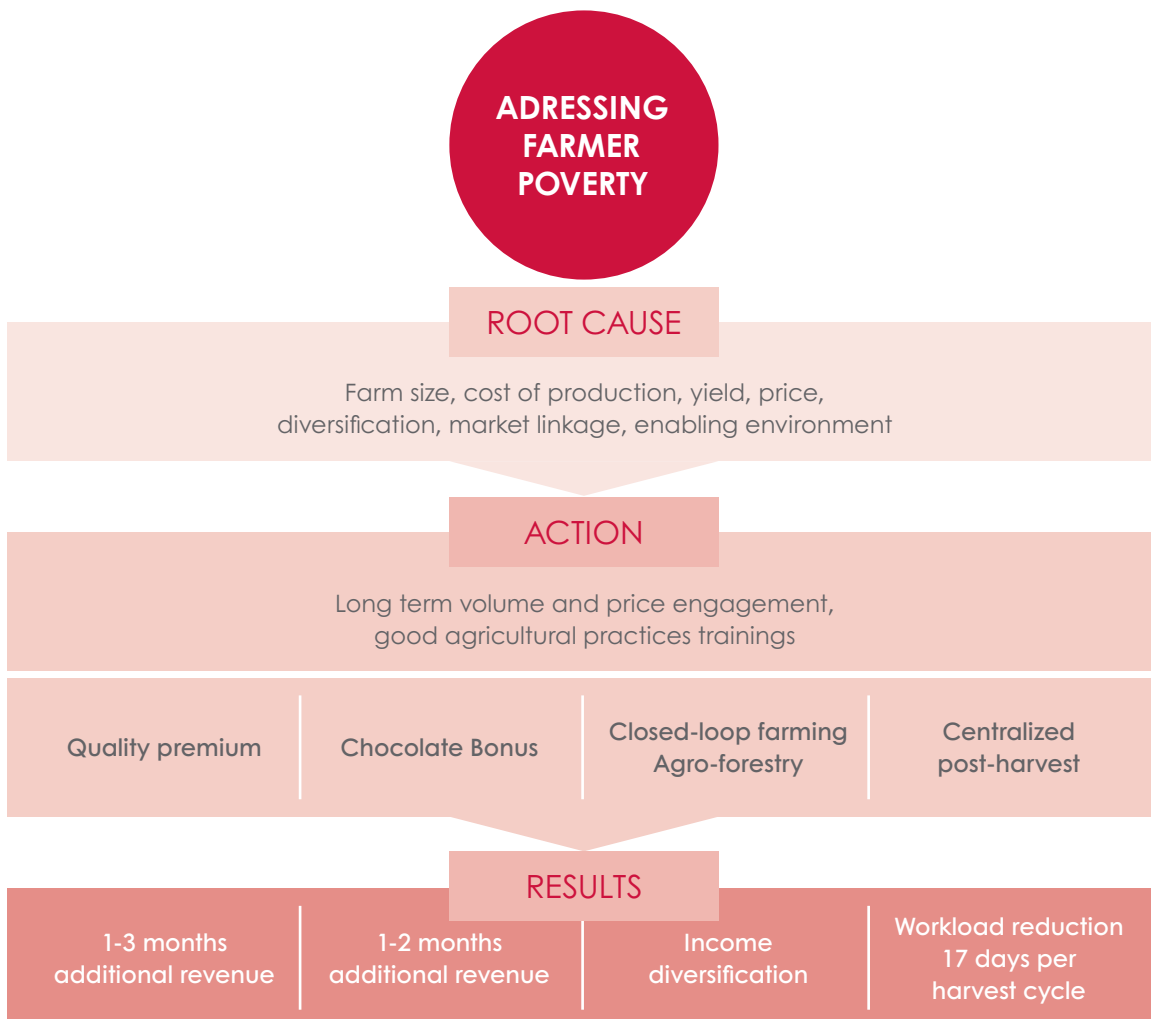
Cocoa supply chain is strongly associated with 3 key challenges: farmer's poverty, child labor and deforestation. For the first year in our annual reporting we propose to dig into those 3 very specific topics and further detail the strategies that Cacao-Trace has put in place to address those challenges. We believe it is part of our transparency commitment.

STRATEGY TO ADDRESS FARMERS POVERTY

The first and most important challenge in the cocoa supply chain is the farmer's poverty. We can clearly identify poverty as the first root cause to all the key issues related to cocoa supply chain.

This structural poverty is embedded in a context of small farms, low yields, low prices, lack of diversification and lack of market linkage. With Cacao-Trace, we aim to tackle farmer poverty through a combination of meaningful actions.

As a common base we first commit to long term commercial engagement toward communities. From there, several elements of the programs will immediately support the farmers. Trainings on good agricultural practices linked with both quality premium and Chocolate Bonus schemes will substantially increase farmer revenue. Additionally, the program aims to support farmers to diversify their income and through the centralized fermentation option reduce the household workload.





Adjoumani – Farmer Testimonial

“My farm has changed. It's been rejuvenated thanks to good agriculture practices. The yield has increased, and the pricing too. It is a much better price. This has helped us a lot. Thanks to the Cacao-Trace project I got my life back. It has strengthened my financial resources.”

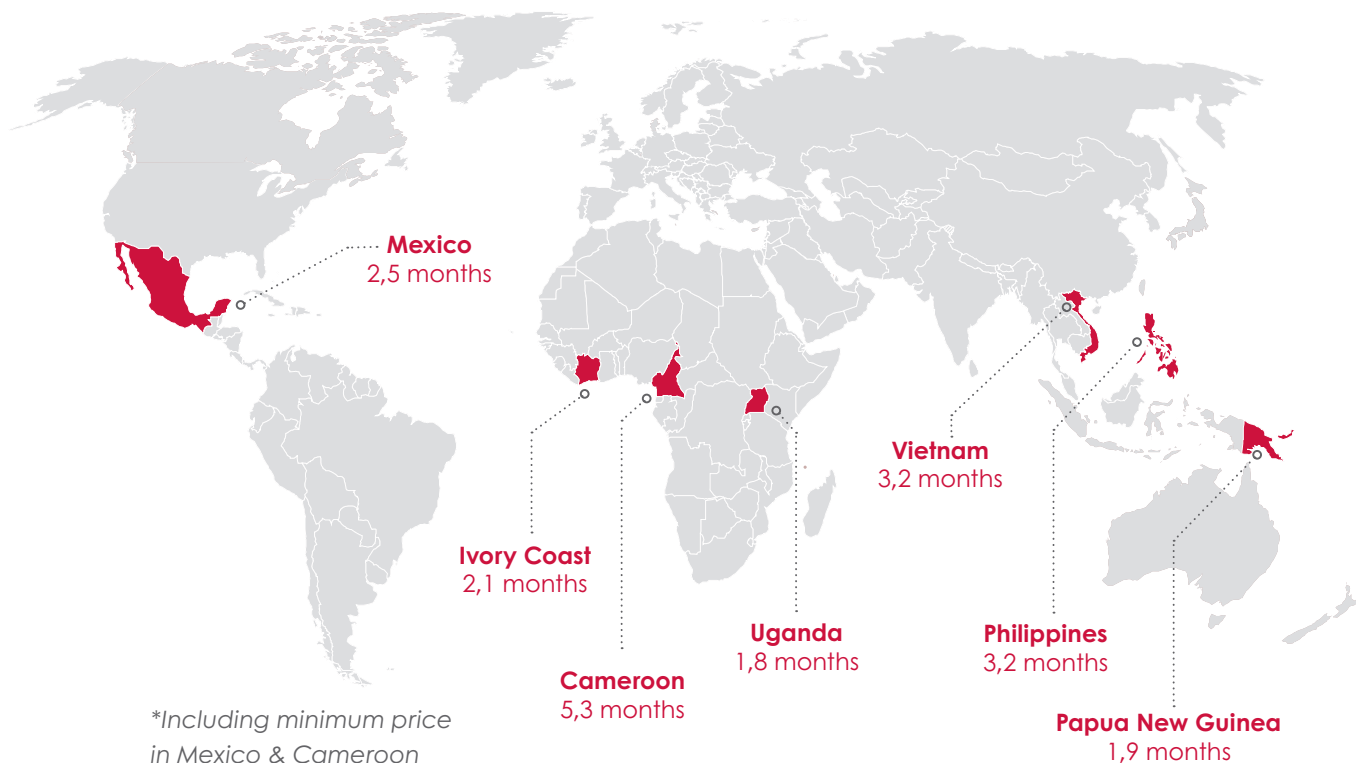


We aim to push the above model and work towards our living income target. To achieve this, it means first measuring and establishing a reference per country we operate in.

The first step is determining a living income for a family per origin country, independent of whether they are cocoa producers. Global Living wage.org used the Anker Method to evaluate the living income necessary to have basic needs met, this includes nutritious food, education, housing, clothing, medical, transport and emergency savings. Surveys are conducted at a local level with focus groups and the benchmark and study is publicly released for reference. 6 out of the 7 Cacao-Trace countries have a public benchmark available, with the exception of the Philippines where we have used the local minimum wage applied to 1.7 workers (for a household of 4) as a reference.

Today although we cannot say that we are already reaching a living income with Cacao-Trace globally, we are able to provide an additional 1 to 5-month equivalent earnings based off the current standard cocoa income, supported through the quality premiums and Chocolate Bonus. We are proud of this achievement which is going far beyond the industry practices and we are determined to improve our income impact year after year.

Impact per country- Additional months income* (cocoa)



STRATEGY TO ADDRESS CHILD LABOR

Cacao-Trace supports access to education and is strongly opposed to any form of forced Child labor.

We do however make a distinction and are not against the fact that children (under 18 years old) may help their parents to work in their farms as long as they still have access to school and education. We consider it can be part of a child's education and we encourage young generations to become future professional cocoa farmers. To guide understanding and communication around this topic Cacao-Trace standard has established the 3 below definitions:

- **Acceptable work for a child:** is limited to a few hours a week, supervised by responsible adults, to pass on cultural and farming traditions to the youth generations (socializing work), and consist of light and safe tasks that do not compromise school attendance.
- **Unacceptable child labor:** is defined as underage (below 15) unsupervised work, and/or underage (below 15) with excessive hours, and/or underage (below 15) which compromises school attendance.
- **Worst form of child labor:** hazardous activities (age inappropriate), exploitation or trafficking.

This being said, unacceptable and worst forms of child labor in cocoa supply chain are a reality like it is, unfortunately, the case in many other agricultural supply chains. It stretches, from children involved in hazardous work to more extreme cases of forced labor.

We consider worst forms of Child labor as a priority and we have developed a specific approach. With Cacao-Trace our integrated approach of child access to education and child protection consists of 5 inter-connected pillars.



1. **Increase Household Income** by paying farmers a Quality Premium and Chocolate Bonus on top of the standard farmgate price. We also promote income diversification.
2. **Child Rights & Protection** by implementing awareness, surveillance campaigns and a grievance mechanism along with a Child Labor Monitoring & Remediation System.
3. **Child Access to Education** thanks to building school infrastructures in the communities nearby and supporting quality education and the cost of education (teacher kits and scholarships).
4. **Child Health & Safety** through increasing investment in clean water access and health center building.
5. **Stay Engaged** with long-term commitment through post-harvest centers, volume engagement, community development projects and renovation projects to keep the investments at a high standard.

It is important to mention that the Next Generation Cacao Foundation is strongly associated to the concrete and long term actions taken on the ground to tackle access to education and child health and safety which are representing the pillars 3, 4 and 5 of the strategy.

2021 highlights in Child Labor Monitoring and Remediation system

Unacceptable forms of child labor are prohibited in the Cacao-Trace sustainability standard. Despite the continuous efforts we are making on the ground, the contexts where we work remain challenging with complexities around access to education and child labor.

We are on a path toward increased transparency through digitalization. Thanks to this intensive work, we are able to dig further in the realities of the communities where we work and further detect and address the risks of child labor. We are constantly learning from the survey's findings and exploring ways to improve our approach.

Today, CLMRS (Child Labor Monitoring and Remediation system) is being carried out in Ivory Coast, Papua New Guinea, and Uganda. The approach consists of using available data to profile communities who are far from education facilities. These household groups are then surveyed typically on a 3-year basis to collect data on the number of children per household, children in school and on types of labor the children partake in at home and/or on the farm. This approach includes both announced and unannounced visits to the homes and farms.

We have first piloted this time intensive work in Uganda back in 2019 and achieved our first 3-year cycle. More recently we started to deploy the methodology in Ivory coast and Papua New Guinea.

Some remediation action and household sensitization are already rolled out in areas where we observe a risk of children under family supervision carrying out tasks on the farm which are deemed as hazardous and not safe for children. Of course, remediation might include other actions than sensitization, such as the provision of school kits or the establishment of a birth certificate, if the need is identified. We are working closely with the Next Generation Cacao Foundation on those specific actions.

At this stage of the surveys, we have not identified in Cacao-Trace supply chain any case of the worst forms of child labor, human trafficking, nor other types of abuse. If a child would be flagged to be in immediate danger (e.g., unconditional worst forms of child labor or other types of abuse), we would ensure that immediate support is provided (either directly or by referral to a responsible authority).

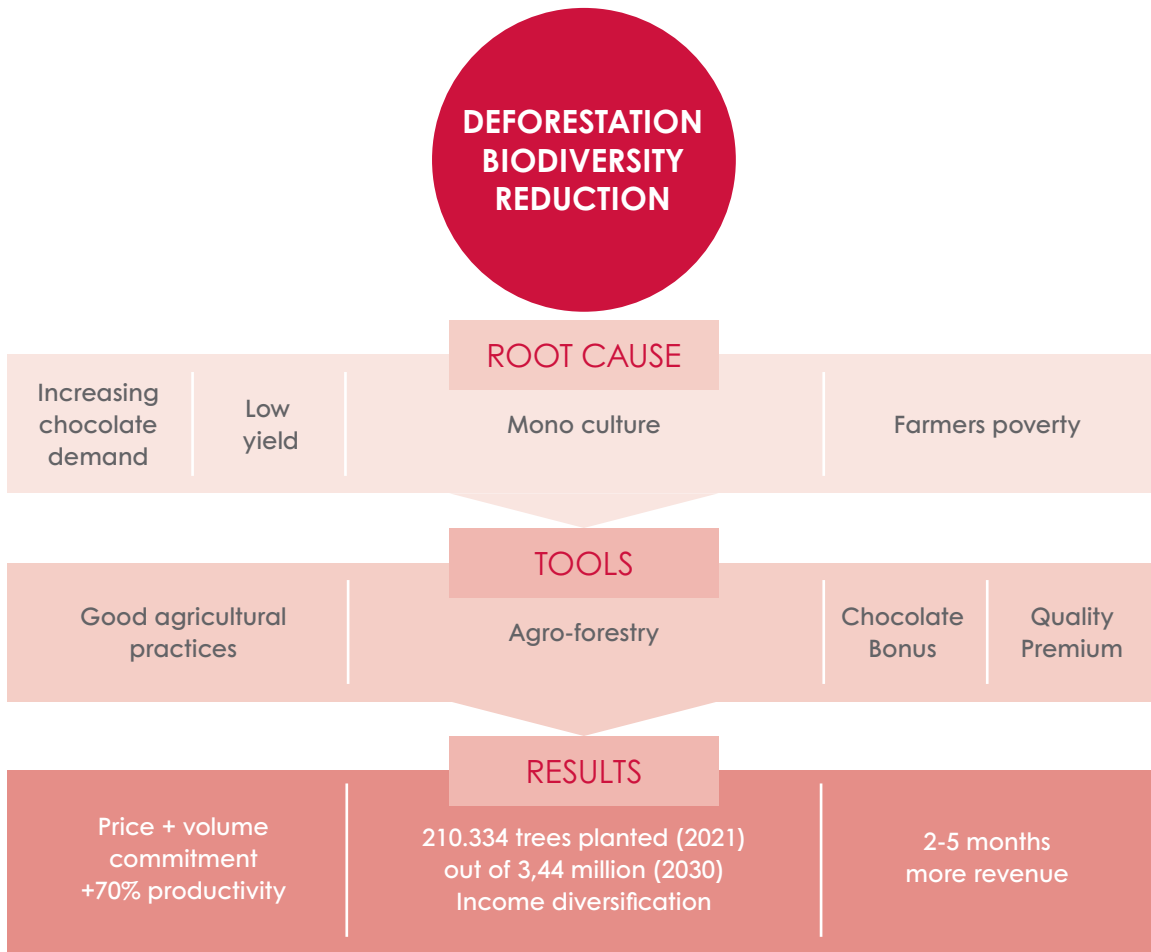
We target the following:

- **2023: Uganda** - 100% of the households profiled (second cycle).
- **2024: Ivory Coast** - 100% of the households profiled for the 10 cooperatives onboarded. In 2022 we target to survey 3.649 families focusing on achieving 100% in our historical cooperatives.
- **2025: Papua New Guinea** - 100% of the households profiled. We are currently waiting for the final report that was requested to the Fair Labor Association in order to design a specific action plan. When observing the prevalence of dangerous habits concerning children in Papua New Guinea it is clear that sensitization work needs to be organized at larger scale and the remediation strategy needs to be adapted.

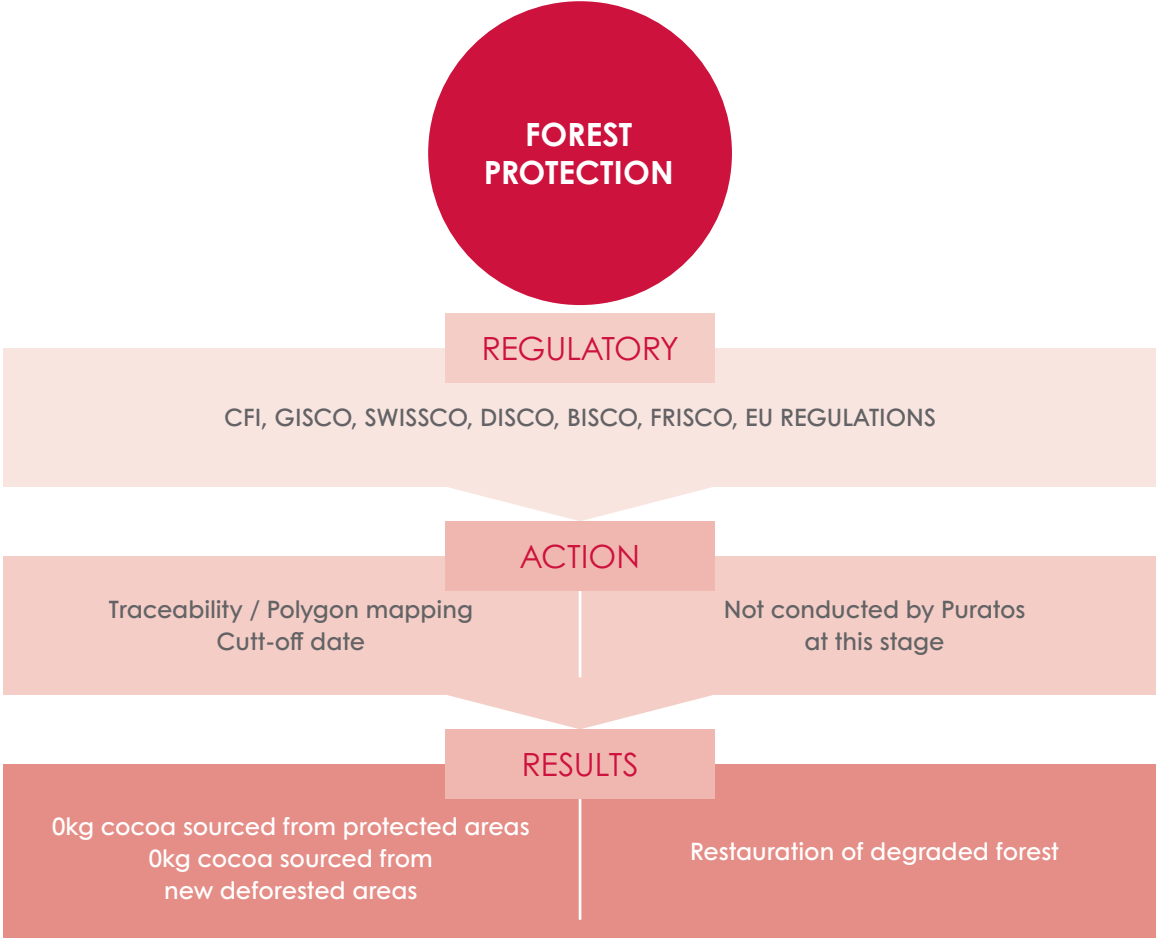
STRATEGY TO ADDRESS DEFORESTATION AND REDUCTION OF FOREST COVER

Cocoa is linked with reduction of forest cover and biodiversity. With Cacao-Trace we have developed the below strategy to remediate deforestation and restore biodiversity in our supply chain.

We identified again several root causes responsible for the existing environmental challenge of cocoa supply chain. With Cacao-Trace we are confident that we address those structural issues through our work on yield and farmer Income. Still, we are investing in a consequent agro-forestry project towards regenerative agriculture.



Puratos fully supports all the regulatory initiatives to protect endangered forests. Concretely Cacao-Trace has established 1st January 2014 as a cutoff date and no plantation posterior to this date can be accepted in the program. Technology will play an important role in this strategy. We are today focusing on improving our control through Polygon mapping of all the farms in the Cacao-Trace supply chain. As we speak, Puratos is not yet engaged in reforestation of degraded protected areas.



Objectives 2025 and 2030

Our ambition for Cacao-Trace is to grow aggressively this unique program and continue to impact more farming communities. By 2025 we estimate that Cacao-Trace will reach up to 25.000 farmers and this number could double by 2030.

We are convinced that Cacao-Trace together with the Next Generation Cacao Foundation contributes to generate a virtuous cycle that will gradually change Cacao-Trace farmers lives. We are perfectly aware that some environmental and social challenges remain in front of us and might require specific evolution of our approach. We are continuously working toward the improvement of Cacao-Trace programs.



02

Highlights 2021

One-billion-euro financing

Following a thorough due diligence process, a group of private investors agreed to finance Puratos and Cacao-Trace for an aggregate amount of €1 billion, demonstrating the relevance and long-term potential of Cacao-Trace, to transform the cocoa supply chain in a social and sustainable way. The financing mechanics have been assessed by Peterson Projects and verified according to the ICMA⁽¹⁾ principles of sustainable financing. Puratos completed this transaction together with BNP Paribas as Lead Arranger and Eubelius as Legal and Tax advisor.

The €1 billion long-term financing will support the purchase of more Cacao-Trace certified beans directly from the farmers, intensifying the collaboration with local cocoa communities. It will also be used for the construction of ten cocoa post-harvest centers and three grinding lines in Central and South America, Africa, and Asia between today and 2026.

This sizeable transaction marks Puratos' first sustainable financing. Jean-Philippe Michaux, CFO and Head of the sustainability steering committee at Puratos:

“Cacao-Trace is a long-term commitment by Puratos towards a sustainable cocoa supply chain. It goes far beyond the average industry standards for sustainable chocolate by creating value for everyone, starting with the cocoa farmers.

We are there on the ground, alongside farming communities to coach 8.867 farmers to grow higher-quality cocoa and give guidance to run plantations in a more sustainable way.

The sustainable financing was granted on a 20-year term, which shows both Puratos' and its investment partners' long-term vision. As a family company we think in terms of generations. This funding will help us accelerate our efforts and further improve the positive impacts for the chocolate communities.

It is our commitment to you and to future generations to enjoy the best tasting chocolate for many years to come.”

(1) ICMA: International Capital Market Association

Jim Moore, Managing Director, Barings Private Debt Group:

“Puratos is a strong innovative company, and the steps they're taking to improve their sustainability both environmentally and socially echo the focus that Barings also has on its ESG efforts.”

Tomas Fiege Vos de Wael, Group Head Sustainability, Peterson Projects:

“We believe this financing will help scale up and raise the environmental ambitions of the green bond market and look forward to see the impact it will create for farmers in the cocoa industry worldwide.”

Cacao-Trace movie

The Consumer Goods Forum's annual Global Summit is exclusively reserved for CEOs (Chief Executive Officer) and C-level executives from member companies. The Global Summit, 23-25 June 2021, was a virtual event where the “Better Lives Through Better Business” docuseries was launched.

“Better Lives Through Better Business” is an exciting new online video series, presented by The Consumer Goods Forum (CGF) and produced by BBC StoryWorks Commercial Productions, exploring the brands and organizations around the world changing our approach to more sustainable food systems, people care and protecting our planet.



To achieve this goal, “Better Lives Through Better Business” has been looking from North pole to South America and around the world to meet people and organizations to showcase ambitious and innovative solutions that improve lives throughout the value chain and contribute meaningfully to sustainable development.

Cacao-Trace is among the 22 projects that came out of this intensive search. You can watch the resulting film in:

- **The Consumer Goods Forum** platform: <https://www.theconsumergoodsforum.com/better-lives-through-better-business-docuseries/>
- **The BBC Storyworks** platform: <https://www.bbc.com/storyworks/better-lives-through-better-business/why-paying-growers-fairly-produces-better-chocolate>
- **YouTube** platform: <https://www.youtube.com/watch?v=wurHqaXCOhI>



Opening of Mati

In 2021 Puratos opened its 3rd post-harvest center in the Philippines. Located on the southern island Mindanao, the Mati center expands Cacao-Trace to new communities. The new location not only functions as a processing center but also serves as a training facility and demonstration area to test new concepts and build capacity.



New Cacao-Trace program & product innovation

In 2021 we have seen many strong achievements of the Cacao-Trace program, as well as translating into the successful promotion of finished products of Puratos in its endeavour to bring innovative & sustainable solutions to its customers. Among many other we are pleased to highlight the following 2021 emblematic Cacao-Trace product launch. They translate in particular this strong link that Cacao-Trace has with innovation, quality, and the producing countries.

Cameroon Origin Chocolate

Our partnership with the French Label "Chocolatiers Engagés" is translated by the launch of 2 origin chocolates. A 45% milk and a 66% Sanaga "enrobage".

We are proud to promote this innovative, sustainable, and qualitative product from Cameroon.

These two chocolates, only available on the French market in 2021, will become available internationally as we further develop the program.

In 2022 The Cameroon Milk 45 Version will enter in the recognized and exclusive Range of "Belcolade Origins". Another great achievement of Cacao-Trace post-harvest technology transfer on the ground!

Belcolade Origins Milk Cameroon 45% Cacao-Trace

A 45% cocoa origin milk chocolate characterized by a cocoa aroma of cooked milk and caramel. The journey ends on a note of dried fruit. Its fluidity makes it ideal for all pastry and chocolate applications (mousses, creams, ganaches, etc.)

Belcolade Origins Dark Sanaga 63% Cacao-Trace

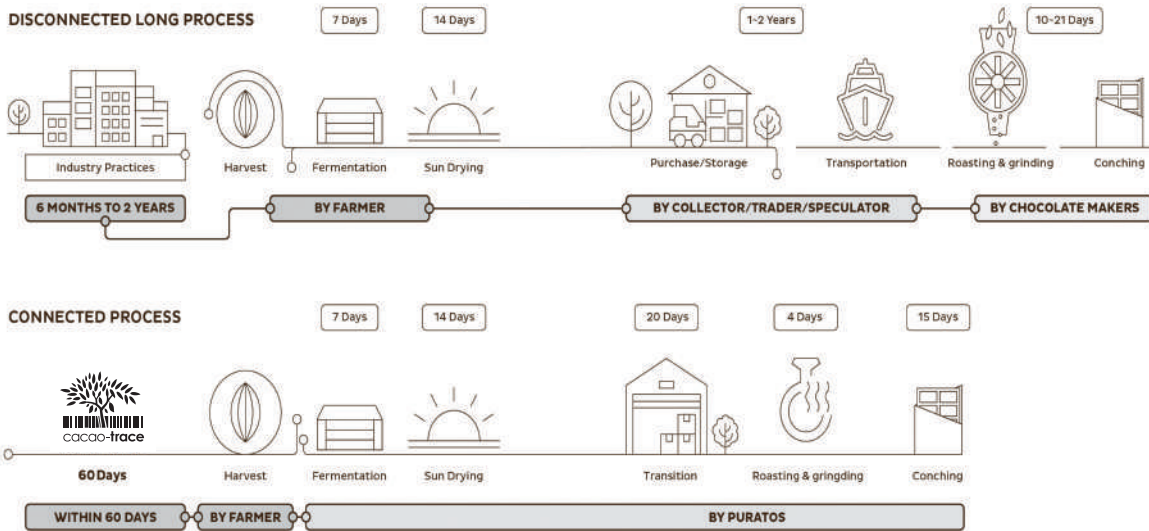
An original dark chocolate with 65% cocoa, specially designed for coating thanks to its very high fluidity. This chocolate has a fruity taste complemented by a touch of citrus & spices.



60Days Chocolate

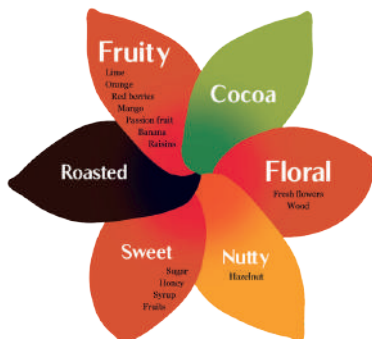
60Days is the ultimate result of our vertical integration project in Vietnam. It goes beyond typical industry practices to deliver a remarkable chocolate in record time, 60 days from farm to bar. This unique project was launched in the Japan market to the delight of many customers who shared positive feedback. Its dominant fruitiness makes it unique. Citrusy, green, and fresh floral notes bring a powerful freshness.

To go beyond typical industry practices



60Days Vietnam Dark 74%

The “60DAYS” chocolate is intense in cocoa, with slight roasted notes. Its dominant fruitiness makes it unique. Citrusy, green and fresh floral notes bring a powerful freshness. Strong notes of tropical fruits such as mango, passion fruit or banana are very characteristic. Notes of brown fruits such as raisins makes its fruitiness even more complex.



After the outburst of all flavors: cocoa, fruity, nutty, earthy, floral in a balance, round and fresh combination, after-taste is a kind of comfortable sweetness and very refreshing, it is similar to the taste of fresh cocoa beans just open from a pod harvested on a tree ... like a first-of-its-kind a cocoa fruit chocolate.

Vietnam team, Jan 2021

Carat Nuxel

Carat Nuxel Hazelnut is a compound filling

13% of pure hazelnuts in Carat Nuxel Hazelnut are the essential tastemakers, bringing to the table their surprising taste and texture but also their natural, healthy, and powerful character.

The palm oil is also sustainably sourced and certified RSPO segregated.

Endless possibilities, very versatile. It is ideal for filling sweet baked goods like muffins, buns, and croissants, fresh or frozen, either before or after baking. It is also perfect for crispy and dry goods, like cookies with a long shelf life.

*Honestly
Delicious*



Plant-based – Health & Well-Being

Belcolade Plant-based

Delicious, well-balanced, and creamy Plant-Based milk-alike chocolate made in Belgium. Nut free*, dairy-free*, gluten-free and soy allergen free. Unique combination of our pursuit for true taste and our commitment towards cacao farmers, with a life changing impact.

* Produced on lines that do not use dairy or nuts. Contains less than the analytical detection limits for respective allergen components.

LEISA – Regenerative agriculture

From 2018-2020 we piloted a closed loop model with small holder cocoa farmers in Vietnam with the objective to create more value for the farmers through 3 main focuses:

- Increase the income level of cocoa farmers;
- Inclusion of livestock;
- Contribute to making the cocoa value chain more sustainable and ecologically friendly.

After 2,5 years of implementing these approaches many positive outcomes were observed. The most notable being a reduction of 18% of the total farm costs, an overall income increase for all farms, some up to 80%.

We are now looking at upscaling this model in Vietnam and integrating the approach with our agro-forestry initiatives.

Value for the Fruit, Farmer and Farm

Closed loop farming model piloted in Vietnam.

Objectives:

- Reduce external/chemical inputs;
- Increase the income level of cocoa farmers;
- Form an ecologically sustainable model.



My Cacao-Trace

My Cacao-Trace is our ultimate service for customers who aim to go beyond and craft their own sustainability project. At Puratos we strongly support those initiatives and believe that by connecting farmers to end users, we are truly engaging stakeholders into the next sustainable pathway.

We would like to highlight 2 of our flagships customers projects that saw light in 2021.

Belgium: Colruyt living income pilot

Under the Beyond Chocolate co-financing fund, Puratos has joined forces with Colruyt Group, Rikolto, Fairtrade, Agro-insight and access agriculture to pilot a Living income chocolate project with the cooperative ECSP in Ivory Coast.

On the ground, Cacao-Trace is the key vehicle to establish in two remoted community "village" post-harvest centers to enable the production of superior quality cocoa and access to premium markets. Through the stakeholder engagement each farmer receives for his cocoa the living income reference price as established by Fair Trade at 2.200 USD/MT farm gate. The NGO Rikolto reinforces the project by engaging the communities in a number of activities generating income diversification.

Since November 2021 a Tasty Chocolate 72% is on the shelf in all Colruyt supermarkets.



Chile: La Fête dedicated community

"La fete chocolat" is an emblematic chocolatier from Chile who supported Cacao-Trace since the very early days. The sustainability commitment of the company management team has been a driver to engage into a My Cacao-Trace project.



Puratos supported the construction of 2 dedicated fermentation centers in Ivory coast with the cooperative SOCAT in the Lakota Area. We are looking forward to seeing the tremendous impact that the La Fête project will bring the communities. La Fête Chocolate Bonus will represent from € 40.000 to € 50.000 per year.

Jorge McKay – La Fête Chocolat, Chile

"Cocoa is being well-treated here with fermentation under control, making all the effort to do it better than others. So, at the end it's mandatory that the quality will be better."



Next
Generation
CACAO
FOUNDATION

03

Next Generation
Cacao
Foundation

The Next Generation Cacao Foundation (NGCF)

Puratos has incorporated the non-for-profit Next Generation Cacao Foundation in Belgium in 2016 ("NGCF"). It is a private foundation (Dutch: Private Stichting / French: Fondation Privée) which is recognized since 2019 by the Belgian tax authorities as an institution providing aid to developing countries.

The Next Generation Cacao Foundation is part of the broader initiative called "Cacao-Trace".

The Cacao-Trace program is a sustainable cocoa sourcing program guaranteeing a premium price and a unique Chocolate Bonus of 10-euro cent per kg of chocolate sold.

Chocolate has been appreciated for decades and the number of addicts of its flavour and taste is constantly growing. Yet despite the increasing popularity of chocolate, most small cocoa producers cannot make a decent living because of environmental, economic, and social challenges.

The Chocolate Bonus generated by the Cacao-Trace programs goes 100% to the farmers to increase their living income or by implementing meaningful projects in their communities.

The Next Generation Cacao Foundation's primary role is to manage, collect and distribute in an open and transparent manner the Chocolate Bonus to the cocoa farmers and their communities. It must provide a long-term positive impact on farmers and their families' quality of life.

The Annual Report of the Next Generation Cacao Foundation is publicly available.

Vision of the Next Generation Cacao Foundation

The Next Generation Cacao Foundation is active in very diverse locations such as Cameroon, Ivory Coast, Mexico, Papua New Guinea, Philippines, Uganda and Vietnam.

The purpose of the Chocolate Bonus is to provide means to take cocoa farmers out of poverty and to support their communities to reach decent living standards.

The Next Generation Cacao Foundation will adapt its actions and support to the local context and intends to cooperate with local organizations having similar or complementary interests if this can be done in an efficient and transparent manner.

The impact of the Chocolate Bonus is divided into two categories. The first one is to support community projects in rural areas. The second is a cash contribution for individual farmers in more mature countries.

The mission of the NGCF, is to determine the strategy, the development and the implementation of the Chocolate Bonus and the projects funded by it.

The Chocolate Bonus distribution mechanism

The Chocolate Bonus distribution mechanism: the Next Generation Cacao Foundation's Board of Directors annually allocates the Chocolate Bonus according to five principles:

- **Transparency Principle:** Each program will receive a Chocolate Bonus contribution corresponding to the cocoa bean's origin processed in Cacao-Trace Chocolate products. Each distribution and project implementation are audited and verified by an external and independent party.
- **Equity Principle:** The contribution takes place on a yearly basis. The Chocolate Bonus is allocated to the farmers in cash or by supporting community projects according to the local context and in function of:
 - The foundation's values, aligned with the UN SDG's.
 - Present and future needs of the farmer communities.
- **Stay Engaged principle:** The Next Generation Cacao Foundation always seeks long term benefits helping future generations on their way. Maintenance of realized community projects is foreseen by yearly setting aside a part of the Chocolate Bonus.
- **100% Principle:** 100% of the Chocolate Bonus collected goes to the cacao farmers or their communities. Puratos covers all the operating and working expenses of the Next Generation Cacao Foundation.
- **Thorough Principle:** Each distribution and project implementation is supervised by local teams.

The Next Generation Cacao Foundation's sources of income

To ensure that 100% of the donations and Chocolate Bonusses go to the communities of Cacao-Trace farmers, the foundation's operating costs, as well as the financing of the certification costs and charges are covered by a donation from Puratos.

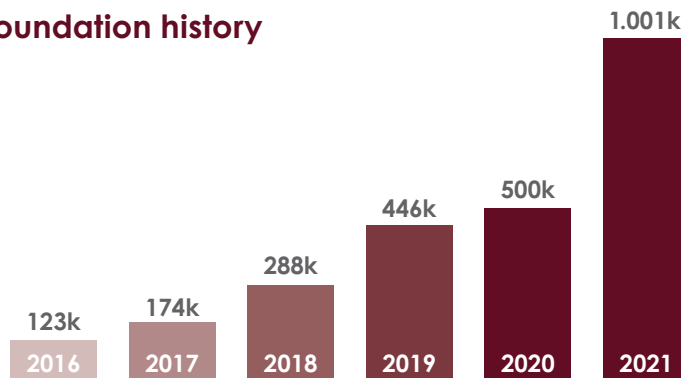
The foundation's funds stem from different sources:

- Sale of Cacao-Trace chocolates certified sustainable with a Chocolate Bonus included in the price paid by customers;
- Special fund-raising events organized;
- Donations by individuals or companies;
- Specific projects financed by Puratos customers;
- Government aid.

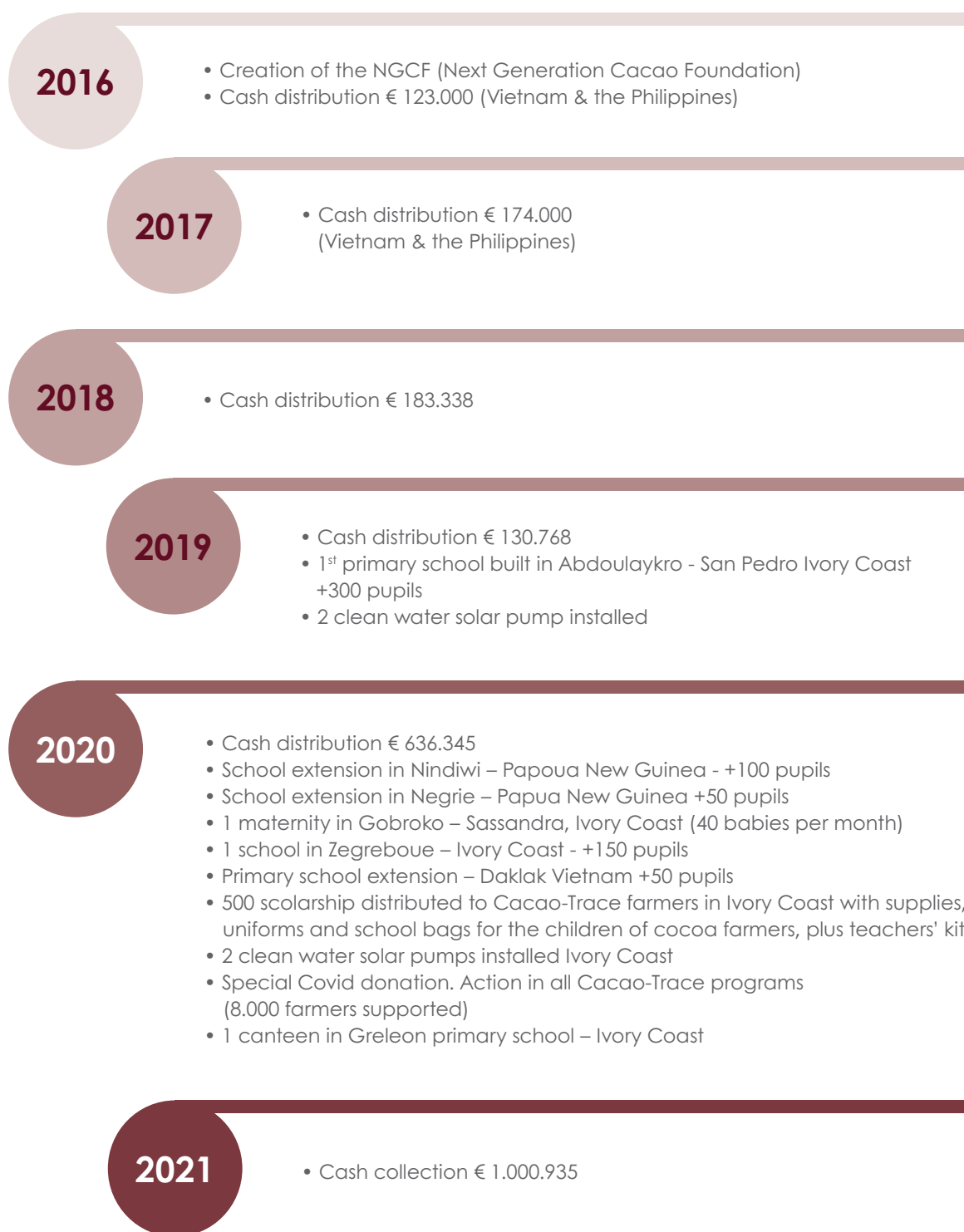
The Next Generation Cacao Foundation history and long-term objectives

CONTRIBUTION TO SUSTAINABILITY

Between 2016 and 2021 the Next Generation has collected **€ 2.532.000** for Cacao-Trace cocoa farming communities.



The below chart visually shows the evolution of the foundation's actions and realizations since 2016.



in 2021 alone, € **1.000.935** was collected thanks to a strong acceleration of our Puratos sustainable program.

Looking forward to 2030, The Next Generation Cacao Foundation has the ambition to double its contribution toward cocoa farmers every two years.

On the ground, the distribution of those funds is taking the form of cash and/or social project contribution. The long-term engagement of the Next Generation Cacao Foundation toward the farming communities and the revolving nature of the Chocolate Bonus schemes allows to meaningfully engage farmers in a virtuous development dynamic.

THE NEXT GENERATION CACAO FOUNDATION'S RELATION TO SDG'S

The Next Generation Cacao Foundation action plays a fundamental role reinforcing the Cacao-Trace program impact on SDG's. Since 2019 SDG's contribution is an important parameter of our Chocolate Bonus project decision matrix.

More specifically the foundation has selected the below 7 SDG's as priorities for its actions.





1. No poverty

When distributed in cash, the Chocolate Bonus directly supports farmer's revenue and allows them to improve their living conditions. We can consider that on average, the Chocolate Bonus represents 1 to 5 additional months of farmer revenue.



2. Zero hunger

When supporting educational infrastructure, the Next Generation Cacao Foundation has already invested several times in canteens where communities can organize proper nutrition for their children. This action is to be further developed.



3. Good Health and Well-Being

The Next Generation Cacao Foundation directly invests in health infrastructure. In 2020, The foundation built and furnished a maternity in Gobroko-Ivory Coast, at the heart of our Cacao-Trace community.

During the 2020 Covid outbreak, the Next Generation Cacao Foundation engaged into a specific communication campaign to bring awareness in rural areas and distributed basic protective equipment and hygiene kits to all the Cacao-Trace farmers.



4. Quality education

The Next Generation Cacao Foundation is strongly engaged in facilitating access to education in rural areas where Cacao-Trace communities are located.

This involves regular and increasing investment in schooling infrastructures (10 schools were supported or rebuilt in Ivory Coast, Papua New Guinea and Vietnam in the last 2 years).

Education kits and scholarship projects are playing an increasing role in the foundation's action.



5. Gender equality

The Next Generation Cacao Foundation Cacao-Trace monitor and encourage gender equality.

Specifically targeting young generations, our investment in sanitation facilities in most of the schools infrastructure supported allow better access to education for young girls.

Scholarship programs also aim to support young girls access to education.



6. Clean water and sanitation

The Next Generation Cacao Foundation is prioritizing investing in clean water and sanitation facilities for the Cacao-Trace communities. In the past 2 years we invested in 8 solar water pumps in Ivory Coast and 46 community rain water harvesting systems in Papua New Guinea.

6 schools were equipped with clean water access and proper sanitation facilities.



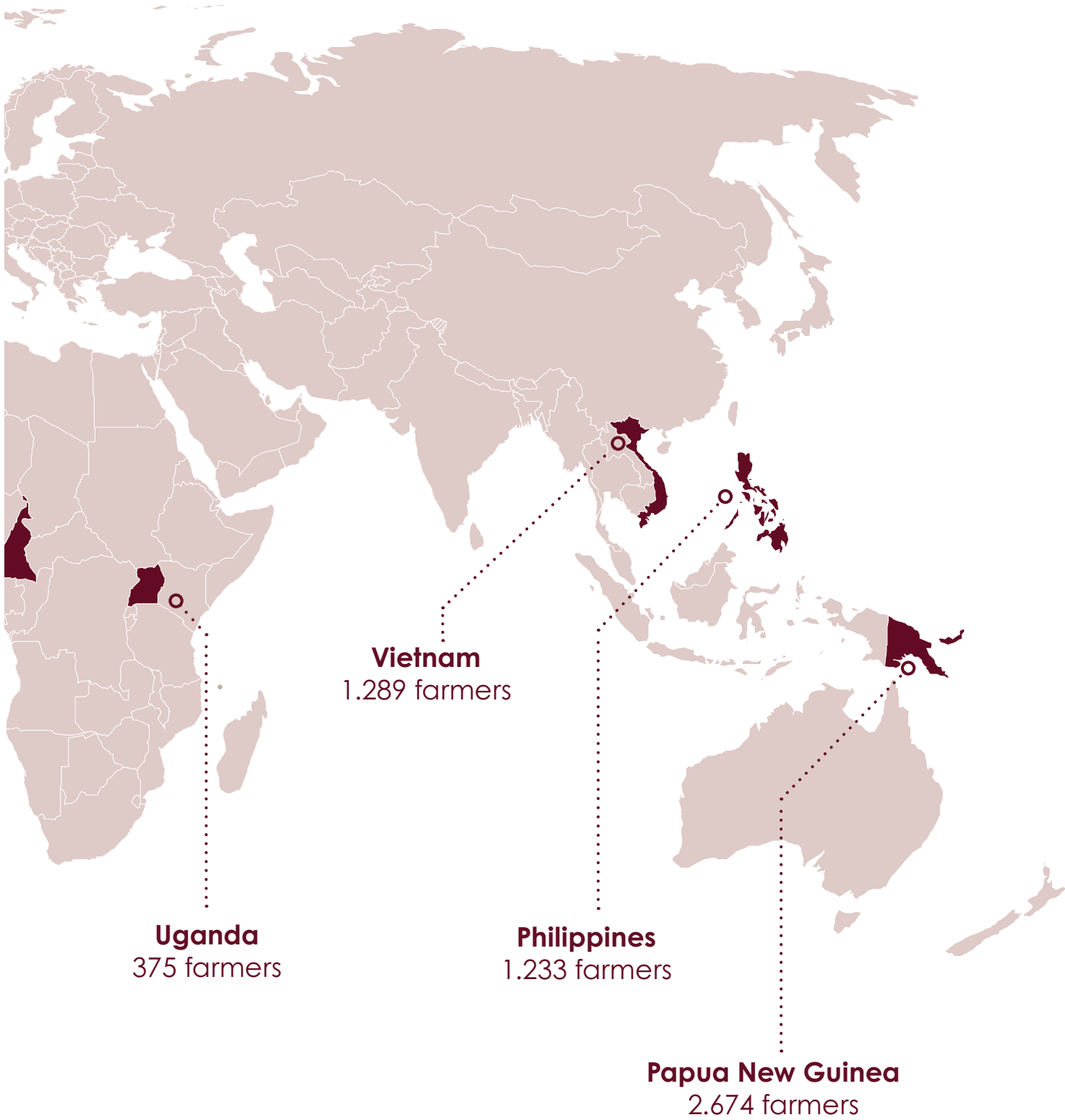
17. Partnerships for the goals

The Next Generation Cacao Foundation is actively looking for partnerships and funds that can support further its action and impact.

Next Generation Cacao Foundation geographical presence in 2021

We are currently deploying the Cacao-Trace initiative in Vietnam (2014), in Ivory Coast (2015), in the Philippines (2017), in Mexico (2018), in Uganda (2018), Papua New Guinea (2018) and Cameroon (2020).





Application of the 2021 Chocolate Bonus

INTRODUCTION

During the year 2021, the Next Generation Cacao Foundation continued to deploy the Chocolate Bonus Cash distribution in Mexico, the Philippines and Vietnam as well as further strengthened impactful projects in Ivory Coast and Papua New Guinea.

For the first time in its history, the Next Generation Cacao Foundation also distributed a Cash Chocolate Bonus in Ivory Coast within a special living income pilot through the engagement of a specific Puratos Customer with a dedicated community.

As a general principle, the Chocolate Bonus is attributed to the farmer communities in full and is distributed to the farmers as soon as a customer has contributed to it.

Given the complexity of the cocoa supply as well as the harvest seasons, the Chocolate Bonus distributions are organized in each country at different times of the year.

The Chocolate Bonus is distributed (i) either in cash to the farmers, based on the volume of certified beans each farmer sourced to Puratos or (ii) in projects, based on the volume of certified beans the community supplied to Puratos. Cash contribution for individual farmers is applied in countries with full purchase transparency up to the farmer identity". However, depending on "field reality", in some countries the cash distribution is not possible and/or community projects are needed to meet the basic needs. In this scenario the foundation has foreseen a procedure to finance projects with the Chocolate Bonus funds".

The 'Community Projects' are listed and proposed by the community itself and the Board of Directors of the foundation selects the projects based on impact, alignment with the foundation's objectives and available funds. In 2020, there was an emphasis on education and health infrastructure projects.

In 2021, the Next Generation Cacao Foundation is collaborating with the NGO's Rikolto in Ivory Coast and GIZ in Vietnam on specific projects aiming at further supporting farming communities and environmental protection. Looking forward, we aim to develop more external partnerships who enable a broader scope of actions.



Dinh Thi Ngoc Lien
Cocoa Sourcing Manager

Lien has been behind the success of Cacao-Trace since 2013. She enjoys her job because she gets to dive into agriculture and work with many farmers while learning new things every day.

"One of my favorite memories is the first time we arranged the Chocolate Bonus delivery to the farmers together with the team. During the distribution in addition to the cash back, we transferred technical trainings to the farmers. Everyone was happy and gave feedback that it was a real benefit to them."

CASH CHOCOLATE BONUS DISTRIBUTIONS

In the communities where Cacao-Trace is present in Vietnam, the Philippines, and Mexico, most of the basic needs are met and an in-cash bonus is more impactful to the individual's income.

Puratos Grand-Place **Vietnam** home to the Cacao-Trace program initiated the Chocolate Bonus concept in 2014 in the form of a cash back bonus direct to the farmers.

For the year 2021 PGPV had a Bonus Commitment of \$73,242.87, which was distributed to 1.747 farmers.



Nguyen Huu Khien (Vietnam)

According to him the Chocolate Bonus is very meaningful and encourages cocoa farmers. He joined Cacao-Trace from the second half of 2017. At the first time, he received 800.000 vnd. He used a part of the money to buy fertilizer and pesticide for cocoa. The rest, he gave his wife to buy food for his family. He hopes the Chocolate Bonus will uphold for a long time.

Cacao-Trace **Philippines** in the southern province of Mindanao started in 2017 and has since applied the Chocolate Bonus in cash. For the year 2020 there was a commitment of € 34.426, which was distributed October to December 2021 to 1.023 farmers.



Fe Oguio (the Philippines)

"I used my Chocolate Bonus to buy farm inputs, farm tools & to pay for my workers in the farm. The program is good especially that we, the farmers, are receiving the incentive yearly. It also encourages more farmers to sell wet beans over dry beans."



Alicia Soliman (the Philippines)

"I used the Chocolate Bonus to buy for household necessities and pay for my workers in the farm. Compared to other buyers of cocoa, only in this program we receive incentives that help us to buy farm inputs, for family needs and other necessities."



Dannis Garde (the Philippines)

"I use the Chocolate Bonus to pay for my children's school fees and help aid in buying household necessities."

In **Mexico**, the first Chocolate Bonus distribution (35 k €) was organized in the last quarter of the year 2020, further reinforcing the program impacts for the community. The second distribution € 19.400 was distributed to 1.200 farmers. The distribution took place in a festive atmosphere a few days before Christmas 2021. This was the first time since the beginning of the pandemic that many cocoa producers were present together. As per Mexican custom everyone gathered around a local drink called "Pozol", made of cocoa, corn, and cinnamon.



This year some Mexican chocolate makers took the opportunity to meet with the cocoa farmers who thanks to their hard work, allow them to have a product of high quality. It was a great moment of sharing for all and once again, a pleasure to see the smile of the producers who receive "the fruit" of their work and exchange on the gifts they will offer to their family for Christmas.

IVORY COAST - Living Income Project

161 cocoa producers have delivered 100 tons of cocoa beans for the retail company Colruyt and received a cumulative amount up to € 12.043. It is the first distribution of Chocolate Bonus in cash in the Ivory Coast. The project (further described in Part 2) is targeting a living income for cocoa farmers and the Chocolate Bonus is considered in that specific case as part of this living income reference price. On the ground, the Belgian NGO Rikolto is associated to this program and additionally support the community to diversify their income through various activities specifically targeting youth and women.

<https://www.idhsustainabletrade.com/project/a-living-income-for-cocoa-farmers-in-cote-divoire/>



CHOCOLATE BONUS FUNDED PROJECTS

We believe in investing in a better future for everyone which includes investing in the communities where we work. In countries where the cash distribution is not possible and/or there are challenges to meet basic needs, community projects are carried out to improve living conditions.

The foundation has established the following procedure to select community projects where relevant:

1. Field survey to identify the most relevant topics for the local community;
2. Assessment of the projects by 3 independent members of the Cacao-Trace team;
3. Presentation of the results to the Foundation Board;
4. Board validation.

Rank 1-5	Great match	Good match	Okay match	Bad match
	5	4	3	Below 3
Puratos Fit	Project aligned on Next Generation Cacao Foundation Board members' vision			
Feasibility	Local context, culture, materials (high score means very feasible)			
Community Reach	How much of the community is reached with the project (high score means big reach)			
Budget	In relation to available funds (high score means project fits the budget)			
SDG Fit	Is the project aligned with the SDG covered by Cacao-Trace: (high score means more SDG addressed)			

Community projects implemented in 2021

In 2021 the foundation engaged in Ivory Coast and in Papua New Guinea.

Papua New Guinea

Rainwater harvesting project

To source drinking water, locals walk long distances to fetch drinking water from water wells/ streams and ground water. This time can be saved and utilized in cocoa farming and other income generating activities. With the funds from 2019 (€ 125.644) 46 water tanks (rainwater harvesting) were installed, 38 in Yangoru and 8 in Angoram, reaching around 4.000 people. Due to strong local travel restriction during the Covid outbreak, this project was finally completed in November 2021.



Classroom refurbishing

Every child should have access to an accommodating learning environment. Official schools are in general available in the regions where Cacao-Trace is present but infrastructures may be inadequate or too small. Thus, the funds from 2020 (€ 88.274) were allocated to 2 classrooms in Yangoru and 1 classroom in Angoram. Each location was supported with 2 toilets. Totalling 3 classroom and 6 toilets. The aim is to accommodate more students from the Cacao-Trace community in the coming years. This project is still in process of completion due to delayed supplies and weather. It was finished by February 2022.



Ivory Coast

For the third phase of the Chocolate Bonus in Ivory Coast a total budget of € 231.459,79 was invested in multiple Cacao-Trace communities under our historical partnership with Entreprise Coopérative de Saint Paul ('ECSP').

We did not note any needs for maintenance of historical infrastructures. The following projects were implemented with the funds:

- 3 water pumps in three different communities Nero-Brousse – Godjiboue – Generalkro are almost achieved. The funding is up to € 57.941.
- 2 schooling infrastructure projects were selected and construction works are in final stage and scheduled to end in February 2022. The funding for education infrastructures is up to € 81.296.
- 3 classrooms in the Zegreboue community.
- 3 classrooms + 08 toilets in the Davidkro community.



In 2021, looking at the success of our scholarship program in the previous year, we increase the number of beneficiaries to 1.500. The funding for scholarships is up to € 85.017.

1.500 kits containing school supplies (furniture, uniforms + school bags) were distributed to program member's kids before the school year started.



Uganda

Preliminary discussions with our partner Olam have identified educational activities as a priority. However due to Covid, schools have been closed for almost two years and only recently reopened. A community need's assessment will be carried out in early 2022 and we foresee the first Chocolate Bonus realization to take place in 2022.

Cameroon

In Cameroon the 2021 collected amount was not judged significant enough to engage yet a Next Generation Cacao Foundation project on the ground.

We foresee the first realizations in 2023.

Conclusions and outlook

We are proud that following consistent sales of Cacao-Trace products despite the challenging Covid-19 crisis, our contribution toward Cacao-Trace farmers in 2021 is largely superior to what was collected in 2020. The Foundation is grateful to Puratos, Belcolade and their customers for their engagement toward sustainability and Cacao-Trace.

Looking forward we see a bright future for Cacao-Trace stakeholders.

In the years to come, the Next Generation Cacao Foundation is expected to collect an increasingly substantial bonus from the sale of Cacao-Trace certified chocolate products. We hope by doing so to help improve the life of farmers further.

The foundation is dedicated to ensuring a long-lasting effect of the Chocolate Bonus. Consequently, it was decided that for every concrete project executed, a fraction of the future Chocolate Bonus will be allocated to the maintenance of the project. This will ensure that the investments in education and health infrastructures benefit to future generations as well.

Additional initiatives include a portfolio of community projects that can be proposed to Puratos & Belcolade customers who would be interested in the idea of going beyond the payment of the Chocolate Bonus. Those interested would have an opportunity to finance useful projects for the communities that grow the cocoa that Puratos Belcolade uses in its chocolate, such as social (literacy, education, health, etc.) or environmental initiatives (forest protection, reforestation, etc.).

We are keen to make positive contributions in the long term in the countries in which we operate.

Governance

The Next Generation Cacao Foundation private stichting/fondation privée is an initiative of the Puratos Group, with worldwide headquarters in Groot-Bijgaarden, Belgium.

The Next Generation Cacao Foundation was established on 26 December 2017 being the legal successor of the previously Next Generation Cacao foundation VZW/ASBL established on 18 May 2016.

The foundation has three founders, all associated with the Puratos Group:

- Puratos Group NV
- Puratos NV
- Choco-Story NV

Statutory purpose

The object of the Next Generation Cacao Foundation is as follows:

- Contributing to the social, economic and ecological sustainable development of disadvantaged producers and workers in developing countries, more specifically cocoa producers, their families and subsequent generations;
- Promoting the concept and practice of fair trade in developing countries;
- Assisting all other good works and welfare works, without any distinction, and in particular contributing to and promoting sustainable cacao farming and related local development aid in developing countries;
- The specific activities through which the object of the Foundation is achieved include, among others: establishing and participating in similar non-profit foundations in developing countries, providing financial support for cocoa producers, improving their living conditions and providing schooling for their children.

The object of the foundation can only be amended by the founders unanimously.

Management

The Directors of the foundation are appointed unanimously by the founders for a period of maximum three years. The Directors can be reappointed.

The Board of Directors is authorized, within the boundaries of the law, the foundation's objective and the articles of foundation, to perform all actions that are necessary or useful to achieve the objective of the foundation.

The Board of Directors also has the decision-making power on behalf of the foundation with regard to establishing, participating in, joining or cooperating with similar foundations, organizations, institutions or non-profit organizations in developing countries.

The Board of Directors meets on average every quarter to discuss the activities and future strategy of the Next Generation Cacao Foundation.

From its establishment, the Board of the Foundation consisted of the following persons:

- Chairperson: Cédric Van Belle, President of the Board of the Puratos Group and Director at Choco-Story NV
- Secretary: Youri Dumont, Director chocolate business at Puratos
- Treasurer: Jean-Philippe Michaux, CFO at Puratos

The members of the Board of Directors are authorized to commit the foundation validly, by the joint signature of at least two Board members, in compliance with the Articles of Foundation.

The directors are assisted in their task by the following volunteers:

- Communication: Raphael Audoin Rouzeau, Global cocoa sourcing manager, Sylvestre Awono, Sr Product and Training Manager Chocolate, Selene Scotton Cacao sourcing manager APAC
- Legal and fiscal support: Marius Smet, Tax Specialist at Puratos, Roel Straetmans, Legal and Tax Director at Puratos
- Financial support: Laurent Thomé, Controller at Puratos
- Administrative support: Lara Van Ginderdeuren, Management Assistant at Puratos

The Directors and the volunteers were chosen for the diversity of their experience and knowledge.

The presence of representatives of the Puratos Group ensures that the philosophy of the founders is upheld.

Neither the Board members nor the volunteers receive any remuneration.

The accounting of the Next Generation Cacao Foundation is outsourced without costs applied to the accounting department of Puratos. We thank the accounting department for their support, especially Gaëlle Tieleman.

Government recognition for tax purposes

The Next Generation Cacao foundation is recognized for tax purposes in the following countries:

- Belgium: as from 2019
- The Netherlands: as from August 2021 under RSIN number 8264.78.499.

It means that individuals or legal entities in these countries can make tax deductible donations to the Next Generation Cacao Foundation.

More information on: <https://www.cacaotrace.com/donations>

Financial report

in EUR '000			
Assets		Liabilities	
Bonus receivable from customers	318.126	Bonus to be distributed	1.025.885
Cash	709.546	Payables	1.788
	1.027.673		1.027.673

in EUR '000			
Income Statement	2019	2020	2021
Bonus received or to be received	382.496,38	455.458,00	1.000.935
Bonus distributed or to be distributed	(382.496,38)	(455.458,00)	(1.000.935)
Exceptional donations		80.489,00	0
Exceptional distributions		(80.489,00)	0
Operating results	(10.946,17)	(17.365,79)	(20.316)
Donations received from the Puratos Group	10.946,17	17.365,79	20.316
Total	0	0	0

in EUR '000			
Bonus distributed or to be distributed for 2021	2019	2020	2021
Vietnam	78.390	64.460	87.386
Philippines	30.704	34.426	39.004
Papua New Guinea*	125.644	88.274	69.271
Ivory Coast	140.916	231.460	769.982
Mexico**	0	35.055	19.385
Uganda	6.842	0	16.096
Cameroon	0	0	9.845
Total	382.496	453.675	1.010.608

* € 125.644 was the cumulative of 2 years (2018 & 2019) dispersed in 2019. In 2021 we had a difficult crop year and the volumes were down, hence the reduced number.

** 2021 bonus collected was less than 2020 due to a bad crop year and reduced volumes.

FINANCIAL TRANSPARANCY

Cash Distributions: Every year each cash distribution is individually audited at a local level with a third party (Deloitte). These reports are then used for the reconciliation and consolidated audit in Belgium at the end of the financial year.

Community Projects: budgets are monitored along with a cashbook and purchase proofs. This evidence are then consolidated for the annual foundation audit in Belgium.

www.cacaotrace.com

Next Generation Cacao Foundation
Stoofstraat 41 - B-1000 Brussel, Belgium



6485 - 05/2022