

Next Generation Cacao Foundation Private Stichting/Fondation Privée

-Chocolate Bonus Distribution Policy-

Introduction:

The Next Generation Cacao Foundation¹ is a non-for-profit initiative initiated by the Puratos Group in June 2016. Its purpose is to support cocoa farmers and their communities in developing countries.²

The Next Generation Cacao Foundation is part of a broader initiative called “Cacao-Trace”.

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

The Chocolate bonus 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 cacao 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.

Introduction:

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

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 (or safer) countries.

*1 - Next Generation Cacao foundation Private Stichting/Fondation Privée with statutory seat at Stoofstraat/
Rue de l'étuve 41, 1000 Brussels and Tax Identification Number 0686.797.612.*

2 - Reference can be made to the OECD's DAC list of official development assistance recipients

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 beans origin processed in Cacao-Trace Chocolate products. Each distribution and project implementation is audited and verified by an external and independent party.
- **Equity Principle:** The contribution takes place on a yearly basis.³ 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 SDGs;⁴
 - Present and future needs of the farmer communities;
 - Funds available.
- **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 on the ground.

³ - In the first years of program, the Chocolate Bonus strategy still needs to take shape and may not yet be distributed due to the fact that amounts are not significant enough. In that particular case the first distribution will include the Chocolate Bonus being built-up during those first years.

⁴ - United Nations Sustainable Development Goals.