

ANNUAL REPORT 2020

Next Generation

CACAO
FOUNDATION

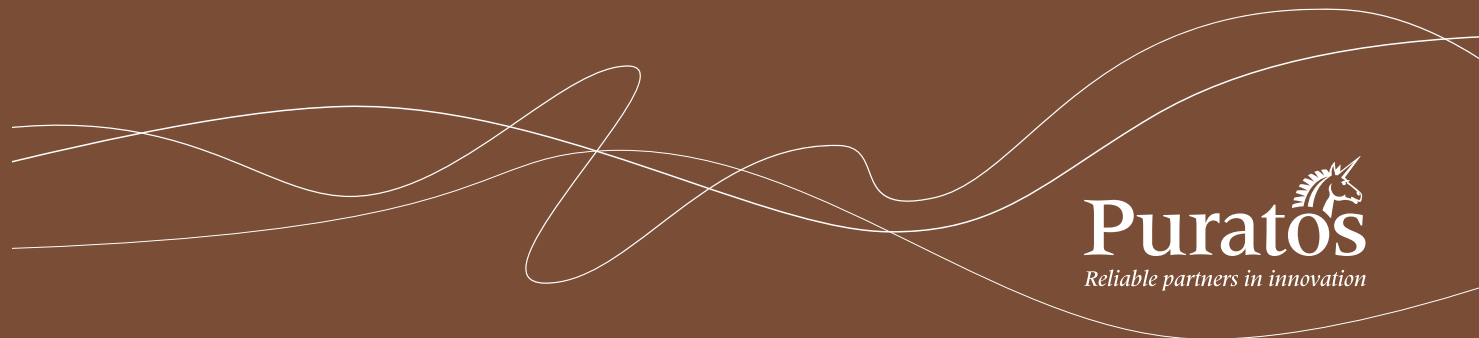


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INTRODUCTION

We believe in a fair compensation for cocoa farmers.

Chocolate has been appreciated for decades and the number of aficionados 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.

At Puratos & Belcolade, we are directly involved in this challenge. We think that sustainability is a win-win relationship for every player in the cocoa supply chain, from farmer to consumer.

We call that our Commitment to the Next Generation Cacao. It comprises all purchases of our own sustainable chocolate programme, Cacao-Trace, as well as sustainable cocoa from programmes certified by third parties.

Cacao-Trace is the name of the sustainable cocoa supply programme of Puratos & Belcolade. It has a double objective: to enable farmers to produce superior quality cocoa beans and to ensure that cocoa production remains an attractive activity for the future. If the income of farmers increases, cocoa farming will continue to be an attractive activity for them to pass down to their children so as to guarantee a promising future.

That is why Puratos & Belcolade have incorporated the Next Generation Cacao Foundation, a non-profit organization destined at putting to action Puratos' Next Generation Cacao aspirations.

The mission of the Foundation, incorporated in 2016, is to determine the strategy, the development and the implementation of the Chocolate Bonus and the projects funded by it.

The mission of NGCF can be extended in the future to find and leverage from external donors to further impact the cacao farming communities.

CACAO-TRACE

Cacao-Trace is the sustainable cocoa supply programme of Puratos & Belcolade. Whereas the chocolate industry tends to stress quantitative results more, the Cacao-Trace programme is interested essentially in quality, by creating value for all by improving the flavour / taste.

Expertise in fermentation at post-harvesting stations situated in cocoa producing countries throughout the world is the secret of our chocolate with its unrivalled taste so highly appreciated by chocolate connoisseurs.

It is also a source of additional income for cocoa farmers.

By involving consumers and convincing them to pay a higher price for a better product, we share this advantage with our communities of Cacao-Trace farmers by paying:

1. A **quality premium** for those cocoa beans that meet the Cacao-Trace standards;
2. As well as an altogether unique **Chocolate Bonus**:

For every kilo of chocolate purchased, €0.10 is paid directly to the farmers with whom Puratos works.

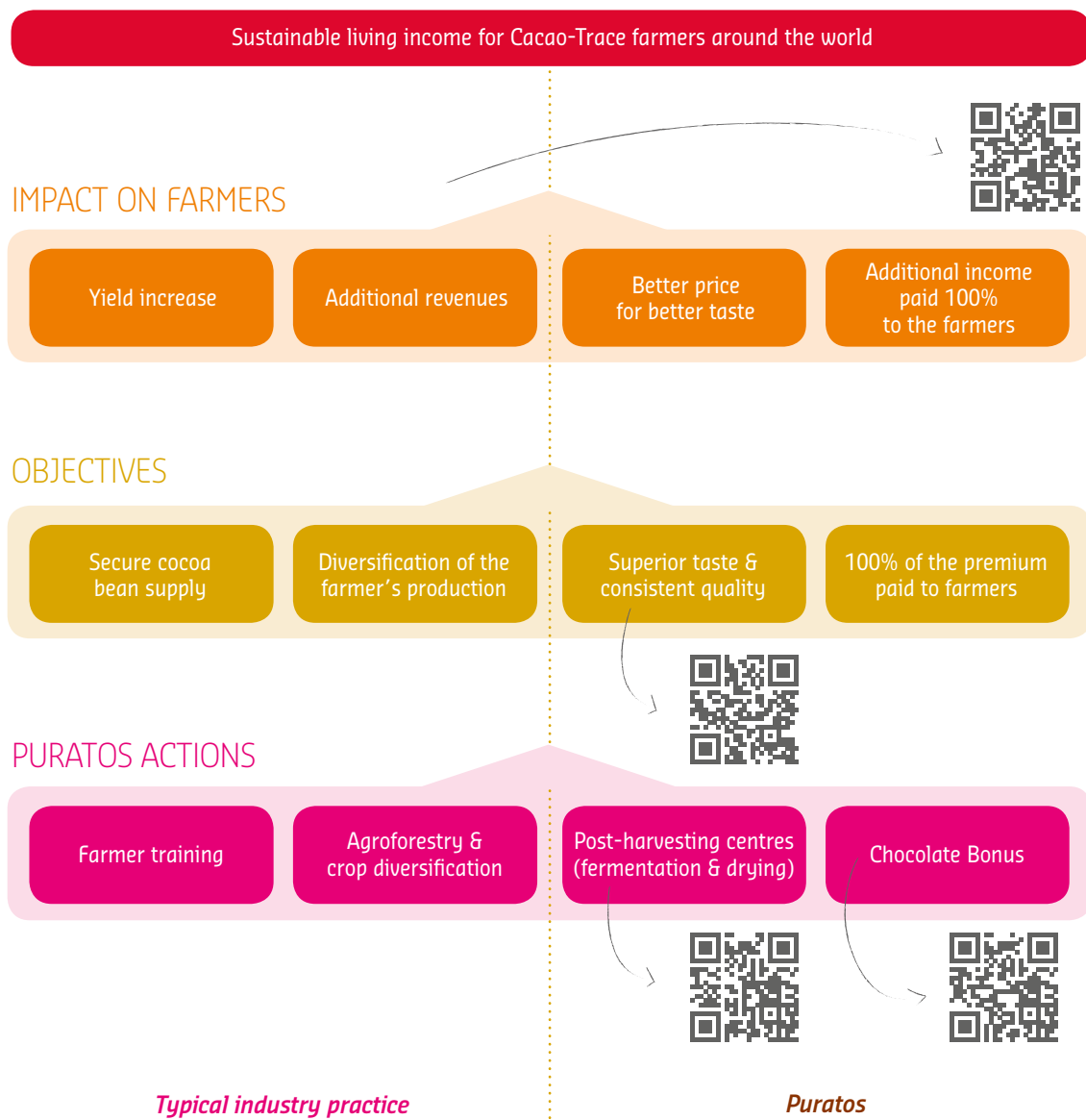
We apply a complete transparency: €0.10 collected = €0.10 distributed. The cost to manage this is being financed by Puratos & Belcolade.

It is only by creating more value thanks to an improved taste and by **sharing** this added value with our Cacao-Trace farmers that we will be able to improve the means of subsistence for cocoa farmers and create a sustainable future for the industry.

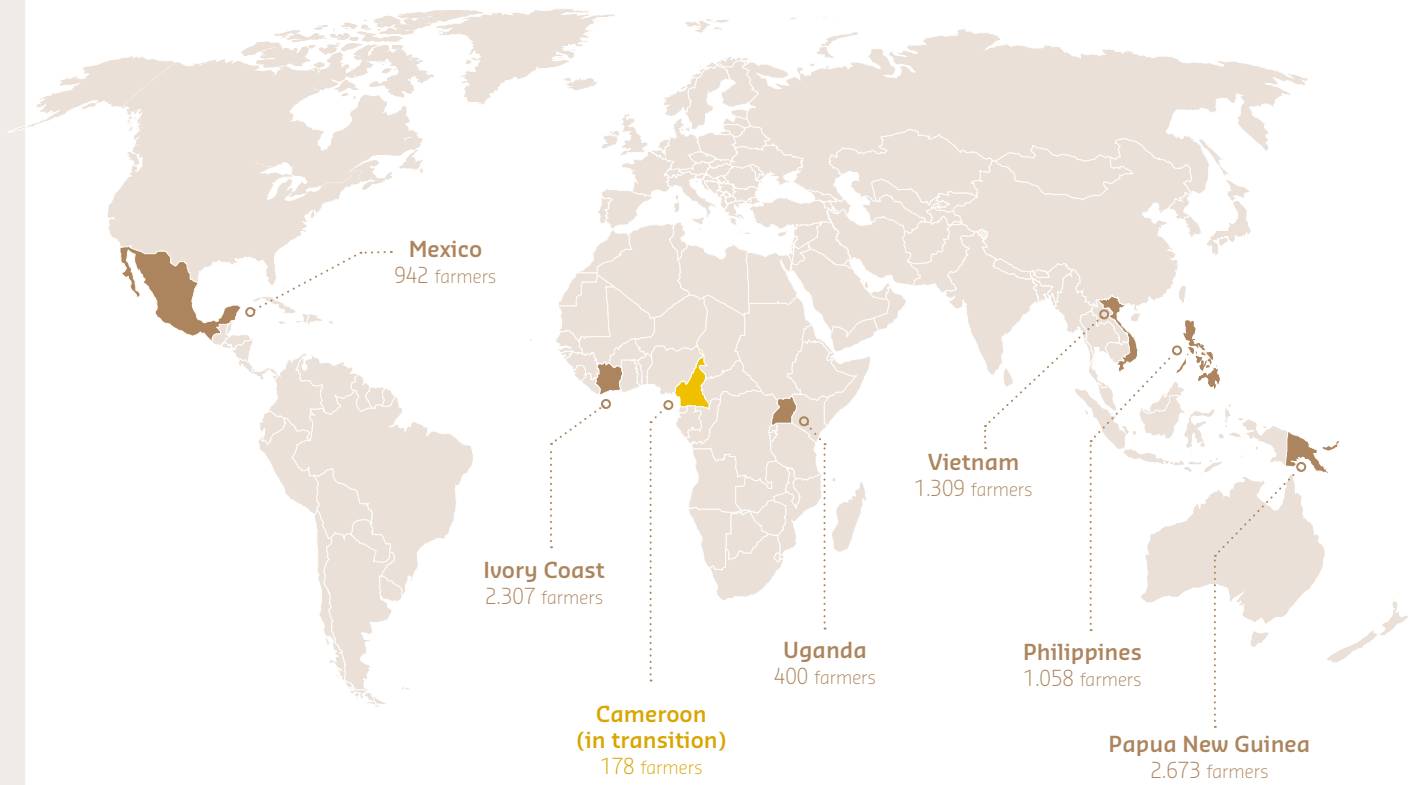


How Puratos & Belcolade stand out

Cacao-Trace chocolates are prepared from Cacao-Trace cocoa mass or powders, obtained from beans that have been fermented and dried according to strict instructions.



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).



Cacao-Trace standard and Auditing process

On a yearly basis and for a 3-year cycle all the Cacao-Trace programs are audited by a third party. The auditing process is the base of the certification of the Cacao-Trace ingredients. 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 a 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 is joining such as The Cocoa Forest Initiative ('CFI'), the World Cocoa Foundation ('WCF') and Beyond Chocolate.

We acknowledged that some improvement of Cacao-Trace standard was needed to address further the social and environmental challenges that is facing the cocoa supply chain. 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.

NEXT GENERATION CACAO FOUNDATION

At Puratos, we think it is important to contribute to the society we live in. It is our commitment to the next generation.

The Next Generation Cacao Foundation (as part of the larger Cacao-Trace concept) is central to determining the strategy, development and implementation of the Chocolate Bonus and future projects.

In order 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;
- Individual donations;
- Specific projects financed by Puratos customers;
- Governmental aids.





CACAO-TRACE IN IVORY COAST



In 2015, Puratos & Belcolade entered into a long-term partnership for the implementation of the Cacao-Trace sustainability programme with an organization of farmers from the San Pedro region through the Entreprise Coopérative de Saint Paul ('ECSP'). The aim of this programme is to create value for all by continuously improving quality, particularly of taste. It is by creating value and by sharing this added value that we will be able to improve the income of cocoa farmers and their living conditions considerably, and create a sustainable cocoa chain by extension. The farmers who participate in the Cacao-Trace programme benefit first from support to build their capacities for better farming practices, then from a quality premium and finally from a Chocolate Bonus.

The combination of these practices ensures a real improvement of the revenues of the farmer through a multiplier effect: yield-quality premium-Chocolate Bonus.

Highlights in 2020:

- Our most recent mapping of the supply chain in December 2020 reports 2.307 farmers in the programme.
- An ambitious Agroforestry and Reforestation programme was started end 2020. It is part of Puratos' commitment to contribute to the Cocoa Forest Initiative while running for Puratos' 2025 carbon neutral target.
- Building on our 2019 success and the construction of Abdoulayekro primary school, 2020 saw a strong acceleration of our community project. In 2020 the Next Generation Cacao Foundation defined and funded:
 - A canteen in Grand Greleon primary school;
 - A new primary school in Zegreboue (3 classrooms with a library and an office all equipped);
 - A new equipped maternity in Gobroko;
 - 3 drinkable water points powered by solar energy;
 - 500 Cacao-Trace Farmer's kids benefited from a scholarship.
- In Covid-19 times still 750 of the 2.347 cocoa farmers received individual coaching to adopt and apply the best farming practices, particularly to improve quality, with the emphasis on fermentation. 150 of the 750 cocoa farmers coached, have received 'farm Business School' trainings with the aim to improve their livelihoods.
- In 2020, the Cacao-Trace Verification process was based on Cacao-Trace Standard V5. The cooperative ECSP was the leading audited entity. Cacao-Trace audit passed with an overall score of 86.5%. The area which received most attention is the current lack of action to the environmental responsibility principle. This will be strongly addressed in 2021 with the deployment of the Puratos AgroForestry Project in Ivory Coast.

CACAO-TRACE PROGRAMME

COOPERATIVE
PARTNER



FARMER
COMMUNITY

INITIAL YEAR
2015



MASTER CT
FERMENTATION
CENTERS **2**

EXPERTS &
TRAINERS **16**

DIRECT
FULL-TIME JOBS **26**

TOTAL
INVESTMENT
IN CENTERS **500.000€**

% TRAINED
FARMERS **100%**

WOMEN
FULL-TIME JOBS **2**

TOTAL FARMERS
2.307

AVERAGE FARM SIZE HA
3,5

TRACEABILITY TO FARM
100%

DIGITAL MAPPING
IN PROGRESS

CLMRS
IN PROGRESS

CACAO-TRACE
CERTIFICATION %

2018	85,03%	2019	76,44%	2020	86,50%
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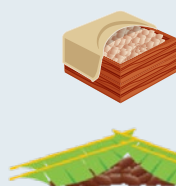
CACAO BEAN

CT VOLUME 2020
(VOLUME/T) **3.800T**

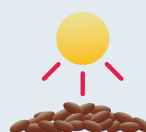
% FERMENTED
IN MASTER CT
CENTERS **15%**

% FERMENTATION
BY TRAINED CT
FARMERS **85%**

FERMENTATION
METHOD



DRYING
METHOD



VARIETY:
FORASTERO



SENSORY FLAVOUR
PROFILE CATEGORIES



ECONOMIC IMPACT

CHOCOLATE
BONUS

MARKET

CURRENT FARM
GATE PRICE/MT **1.538€**

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

AMOUNT **1.538€**

CACAO-TRACE

AVERAGE FARMER
QUALITY PREMIUM
PAID/MT **152€**

CHOCOLATE
BONUS/KG **0,10€**

TOTAL CHOCOLATE
BONUS: **2019 140.916€**

DISTRIBUTION:

2020 231.460€
COMMUNITY
PROJECTS

2020 231.460€
COMMUNITY
PROJECTS

ENVIRONMENT IMPACT

	2019	2020
AGROFORESTRY	0	FEASIBILITY STUDY
TREES PLANTED	5.300	-

PROJECTS IMPACT (SOCIAL PROJECTS)

- PRIMARY SCHOOL CONSTRUCTION IN ABDOULAYKRO (2019)
- PRIMARY SCHOOL CONSTRUCTION IN ZEGREBOUE & GRAND GRELEON CANTEEN (2020)
- 3 SOLAR POWERED WATER PUMPS (2020)
- MATERNITY IN GOBROKO (2020)
- 500 SCHOLARSHIP & TEACHER KIT (2020)
- COVID SUPPORT – FACE MASKS / SANITATION KIT / TRAINING

CACAO-TRACE IN VIETNAM



Puratos Grand-Place Vietnam has been involved in the Cacao-Trace programme 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 flavour differentiation.

Highlights in 2020:

- Some remaining Chocolate Bonus funds were used to build a modern Primary school classroom in rural area of Dak lak province.
- Puratos Grand-Place Vietnam bought cocoa from about 1.309 farmers through a network of more than 100 "harvest groups," i.e. groups of companies composed of several farmers and their consolidators (fermenter or harvester). The cocoa landscape in Vietnam competes with other crops such as fruits for export. Some of the cocoa farmers have transitioned to other planting models which resulted in a slight decrease in number of farmers part of the programme.
- 1.126 individual farmers attended training in the field geared to good practices and productivity. In 2020, the emphasis was on climate smart practices to fight against salinization in the Mekong Delta, agroforestry and closed loop farming approach.
- All farmers took part in sessions reviewing pricing geared towards capacity building and improving transparency in the supply chain.
- Six farmers completed the 3rd cycle of the closed loop agricultural project. The project focused on valorizing waste streams on the farm, reducing the external inputs and costs and on introducing animal breeding in the cocoa production cycle. The green waste from the plantation is converted into food for the animals who later on produce manure for the cocoa trees.
- Puratos launched an agroforestry and carbon neutralization programme. As of 2019, 4.070 shade trees and 8.305 cocoa trees have been planted. The overall conditions are favorable and are planned to be scaled up in 2021.
- In 2020, the Cacao-Trace Verification process was based on Cacao-Trace Standard V5. The Cacao-Trace audit passed with an overall high compliance on the 7 principals with a score of 93.50%. Areas which will receive more attention include best agriculture practice training, climate smart farming practices to adapt to salinization in the Mekong Delta and improvement on farmer record keeping. There is also need for further conservation and restoration planning which will be explored through public private partnerships.

CACAO-TRACE PROGRAMME

INITIAL YEAR
2014



MASTER CT
FERMENTATION
CENTERS **2**

EXPERTS &
TRAINERS **25**

DIRECT
FULL-TIME JOBS **54**

TOTAL
INVESTMENT
IN CENTERS **763.212€**

% TRAINED
FARMERS **86%**

WOMEN
FULL-TIME JOBS **19**

CACAO-TRACE
CERTIFICATION %

2018	86,40%	2019	95,00%	2020	93,50%
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FARMER COMMUNITY

TOTAL FARMERS
1.309

AVERAGE FARM SIZE HA
0,7

TRACEABILITY TO FARM
100%

DIGITAL MAPPING
N/A

CLMRS
N/A

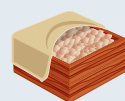
CACAO BEAN

CT VOLUME 2020
(VOLUME/T) **521T**

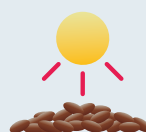
% FERMENTED
IN MASTER CT
CENTERS **40%**

% FERMENTATION
CT CENTERS **60%**

FERMENTATION
METHOD



DRYING
METHOD



VARIETY:
TRINITARIO



SENSORY FLAVOUR
PROFILE CATEGORIES



ECONOMIC IMPACT

CHOCOLATE
BONUS

MARKET

CURRENT FARM
GATE PRICE/MT **1.956€**

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

AMOUNT **2.254,55€**

CACAO-TRACE

AVERAGE FARMER
QUALITY PREMIUM
PAID/MT **320€**

CHOCOLATE
BONUS/KG **0,10€**

TOTAL CHOCOLATE
BONUS: **2019 78.390€**

2020 64.460€

ADDITIONAL
INCOME: **1 MONTH**

1/2 MONTH

ENVIRONMENT IMPACT

	2019	2020
AGROFORESTRY	STARTED	PLANTING

	2019	2020
TREES PLANTED	3.001	12.505

PROJECTS IMPACT (SOCIAL PROJECTS)

- CLOSED LOOP FARMING (2018/2020)
- PRIMARY SCHOOL CLASSROOM – DAK LAK PROVINCE (2020)
- COVID SUPPORT – FACE MASKS / SANITATION KIT / TRAINING

CACAO-TRACE IN THE PHILIPPINES



At the end of the 1,5 year development phase of the programme in the southern province of Mindanao in 2017, Puratos & Belcolade concluded a strategic partnership with Kenner Foods, an agri-foodstuff company based in the Philippines and geared to the sustainable development of cocoa production on the Island of Davao.

Kenner 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, the third of which became operational in 2020 and will receive the finishing touches in 2021. 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.

Highlights in 2020:

- Puratos bought cocoa from approximately 1.058 farmers from the area of Calinan and San Isidro, where all the farmers sold the fresh cocoa beans to the Cacao-Trace post-harvest centers.
- 400 individual farmers took part in training in the field geared to best practices and productivity, the rehabilitation of cocoa and farm management plans. The programme is based on the expertise of Kenner and the system followed in the Philippines.
- Two Cacao-Trace post-harvest centers in partnership with Kenner benefited from support for continuous improvement and monitoring to obtain a superior quality.
- Puratos & Belcolade launched an agroforestry and carbon insetting programme in Mindanao aimed at reforestation and capacity building in disadvantaged zones. 49.000 shade trees have been planted in 2020.
- In 2020 the Cacao-Trace Verification process was based on Cacao-Trace Standard V5. Cacao-Trace audit passed with an overall score of 86.81%. Points of improvement include (i) policy, documentation and procedure, (ii) environmental compliance (iii) purchasing and premium policy communication with farmers.

CACAO-TRACE PROGRAMME

MANAGING PARTNER 

FARMER COMMUNITY

INITIAL YEAR
2017



MASTER CT
FERMENTATION
CENTERS **3**

EXPERTS &
TRAINERS **7**

DIRECT
FULL-TIME JOBS **41**

TOTAL
INVESTMENT
IN CENTERS **344.966€**

% TRAINED
FARMERS **100%**

WOMEN
FULL-TIME JOBS **3**

TOTAL FARMERS
1.058

AVERAGE FARM SIZE HA
1,0

TRACEABILITY TO FARM
100%

DIGITAL MAPPING
IN PROGRESS

CLMRS
N/A

CACAO-TRACE
CERTIFICATION %

2018	77,28%	2019	76,85%	2020	86,81%
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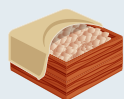
CACAO BEAN

CT VOLUME 2020
(VOLUME/T) **205T**

% FERMENTED
IN CT CENTERS **100%**

% FERMENTATION
BY TRAINED CT
FARMERS **-**

FERMENTATION
METHOD



DRYING METHOD



VARIETY:
**FORASTERO
TRINITARIO**



SENSORY FLAVOUR
PROFILE CATEGORIES



ECONOMIC IMPACT

CHOCOLATE
BONUS

MARKET

CURRENT FARM
GATE PRICE/MT **1.820€**

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

AMOUNT **1.450€**

CACAO-TRACE

AVERAGE FARMER
QUALITY PREMIUM
PAID/MT **370€**

CHOCOLATE
BONUS/KG **0,10€**

TOTAL CHOCOLATE
BONUS: **2019 30.704€**

2020 34.426€

ADDITIONAL
INCOME: **1 MONTH**

1 MONTH

ENVIRONMENT IMPACT

	2019	2020
AGROFORESTRY PLANTING	PLANTING	PLANTING

TREES PLANTED	15.000	49.000
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PROJECTS IMPACT (SOCIAL PROJECTS)

- COVID SUPPORT – FACE MASKS / SANITATION KIT / TRAINING

CACAO-TRACE IN PAPUA NEW GUINEA



At the end of the development phase of the programme, Puratos & Belcolade entered into a strategic partnership with Olam Cocoa at the end of 2017 to improve the means of subsistence of cocoa farmers 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 history of cocoa in Papua New Guinea started in the 20th century during the colonial period.

Production increased in the 1990s, reaching a peak of some 50.000 tons. Since 2010 the harvest decreased considerably, mainly due to the havoc caused by the cocoa pod borer. In 2018, the harvest rose to 40.000 tons.

The programme started in 2018 in the region of East Sepik with a controlled Cacao-Trace volume which was also certified to be organic. In 2020 a select volume of the existing Cacao-Trace farmer group maintained the Fairtrade certificate.

Highlights in 2020:

- Puratos & Belcolade bought cocoa from approximately 2.673 farmers from the East Sepik region.
- Puratos & Belcolade invested in about 138 small post-harvest centers by installing sun driers with individuals from the community.
- 2.673 individual farmers have taken part in training in the field geared to best practices and productivity, the rehabilitation of cocoa and farm management plans.
- The Cacao-Trace Supply chain in Papua New Guinea initiated its digital transition. It allows Puratos to consolidate Farmer information on various socio-economic and environmental parameters for the day to day management.
- Puratos & Belcolade launched the agroforestry and carbon insetting programme in East Sepik. 8.474 trees were planted.
- After consultation with the local communities, the Next Generation Cacao Foundation decided to allocate the Chocolate Bonus to community projects, favorizing education, health and safety.
 - In October 2020, a double classroom and a staff office were constructed at Nindiwi Primary school. At Negrie Primary school a classroom and four septic toilets were installed.
 - 20 Clean water infrastructures were fully financed in the different villages participating in the Cacao-Trace program.
- In 2020, the Cacao-Trace Verification process was based on Cacao-Trace Standard V5. The Cacao-Trace audit passed with an overall score of 95%. Areas which can receive more attention include quality controlling procedure and implementation, cocoa purchasing communication with farmers, and farmer record keeping.

CACAO-TRACE PROGRAMME

IMPLEMENTING PARTNER



FARMER COMMUNITY

INITIAL YEAR
2018



MASTER CT
FERMENTATION
CENTERS **0**

EXPERTS &
TRAINERS **31**

DIRECT
FULL-TIME JOBS **21**

TOTAL
INVESTMENT
IN CENTERS **99.090€**

% TRAINED
FARMERS **100%**

WOMEN
FULL-TIME JOBS **2**

TOTAL FARMERS
2.673

AVERAGE FARM SIZE HA
1,3

TRACEABILITY TO FARM
100%

DIGITAL MAPPING
AVAILABLE

CLMRS
IN PROGRESS

CACAO-TRACE
CERTIFICATION %

2018	76,17%	2019	80,10%	2020	95,00%
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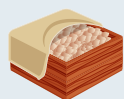
CACAO BEAN

CT VOLUME 2020
(VOLUME/T) **882T**

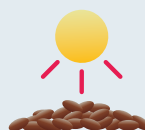
% FERMENTED
IN CT CENTERS **100%**

% FERMENTATION
BY TRAINED CT
FARMERS **-**

FERMENTATION
METHOD



DRYING METHOD



VARIETY:
TRINITARIO



SENSORY FLAVOUR
PROFILE CATEGORIES



ECONOMIC IMPACT

CHOCOLATE
BONUS

MARKET

CURRENT FARM
GATE PRICE/MT **1.320€**

MINIMUM PRICE
(APPLIED OR NOT) **NO**

AMOUNT **-**

CACAO-TRACE

AVERAGE FARMER
QUALITY PREMIUM
PAID/MT **74,20€** CHOCOLATE
BONUS/KG **0,10€**

TOTAL CHOCOLATE
BONUS:

2018/2019	125.644€	2020	88.274€
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DISTRIBUTION:

2018/2019	COMMUNITY PROJECTS	2020	COMMUNITY PROJECTS
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ENVIRONMENT IMPACT

	2019	2020
AGROFORESTRY FEASIBILITY STUDY		8.474

STOP WOOD FIRE DRYING TECHNIQUES

PROJECTS IMPACT (SOCIAL PROJECTS)

- COVID SUPPORT – FACE MASKS / SANITATION KIT / TRAINING
- PRIMARY SCHOOL CLASSROOM CONSTRUCTION – NEGRI - YANGORU (2020)
- PRIMARY SCHOOL CLASSROOM CONSTRUCTION – NINDIWI - YANGORU (2020)
- 38 WATER HARVESTING SYSTEM – ANGORAM & YANGORU (2020)

CACAO-TRACE IN UGANDA



In 2018, Puratos entered into a partnership with Olam and cocoa grower 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 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 in order to collect wet cocoa beans and master the post-harvest process (fermentation and drying). In addition, the Cacao-Trace sustainability programme was rolled out to the growers community through various trainings on best agricultural practices and socio-environmental responsibility.

Highlights in 2020:

- The Program in Uganda is supported by Puratos' recently incorporated structure Puratos cacao West Africa, based in Ivory coast.
- The Cacao-Trace supply chain in Uganda initiated its digital transition. It allows Puratos to consolidate Farmer information on various socio-economic and environmental parameters for the day to day management. In Uganda the deployment already covers the physical and financial traceability of the field purchasing activities
- In 2020, the Cacao-Trace Verification process was based on Cacao-Trace Standard V5. The programme passed successfully this surveillance audit with the high score of 92.17% of compliance.
- Areas which can receive more attention include farmers' data recording relating to best agricultural practices. In addition the audit report stresses the need to keep investing in farmer training in order to further improve quality of wet cocoa bean deliveries at the post harvest center.

CACAO-TRACE PROGRAMME

IMPLEMENTING PARTNER



FARMER COMMUNITY

INITIAL YEAR
2018



MASTER CT FERMENTATION CENTERS **1**

EXPERTS & TRAINERS **7**

DIRECT FULL-TIME JOBS **16**

TOTAL INVESTMENT IN CENTERS **66.970\$**

% TRAINED FARMERS **100%**

WOMEN FULL-TIME JOBS **9**

TOTAL FARMERS **400**

AVERAGE FARM SIZE HA **1,42**

TRACEABILITY TO FARM **100%**

DIGITAL MAPPING **AVAILABLE**

CLMRS **AVAILABLE**

CACAO-TRACE CERTIFICATION % 2018 -

2019 **92,17%**

2020 **97,50%**

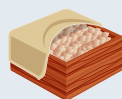
CACAO BEAN

CT VOLUME 2020 (VOLUME/T) **200T**

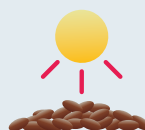
% FERMENTED IN CT CENTERS **100%**

% FERMENTATION BY TRAINED CT FARMERS -

FERMENTATION METHOD



DRYING METHOD



VARIETY: **TRINITARIO**



SENSORY FLAVOUR PROFILE CATEGORIES



ECONOMIC IMPACT

CHOCOLATE BONUS

MARKET

CURRENT FARM GATE PRICE/MT **1.890€**

MINIMUM PRICE (APPLIED OR NOT) **NO**

AMOUNT -

CACAO-TRACE

AVERAGE FARMER QUALITY PREMIUM PAID/MT **34€**

CHOCOLATE BONUS/KG **0,10€**

TOTAL CHOCOLATE BONUS: 2020 **NOT INITIATED**

DISTRIBUTION:

ENVIRONMENT IMPACT

	2019	2020
AGROFORESTRY	DISTRIBUTED SEEDLINGS & MONITORED PLANTING	FEASIBILITY STUDY

TREES PLANTED 2.700 -

PROJECTS IMPACT (SOCIAL PROJECTS)

- COVID SUPPORT - FACE MASKS / SANITATION KIT / TRAINING

CACAO-TRACE IN CAMEROON



Puratos engaged in a collaboration with 4 young cooperatives in the Area of Yaoundé. Each of those 4 cooperatives is structured around a post-harvest center fully equipped to deliver premium cocoa. The project is currently in Cacao-Trace transition with the objective to be formally certified by the end of first quarter of 2021. Although this pilot program is still relatively small today, Cameroon has a huge potential to become an important source of quality Trinitario cocoa beans for Puratos.

The Program in Cameroon is supported by Puratos' newly incorporated structure Puratos cacao West Africa, based in Ivory coast.

CACAO-TRACE PROGRAMME

INITIAL YEAR
2020



MASTER CT
FERMENTATION
CENTERS **4**

EXPERTS &
TRAINERS **6**

DIRECT
FULL-TIME JOBS **16**

TOTAL
INVESTMENT -
IN CENTERS

% TRAINED
FARMERS **100%**

WOMEN
FULL-TIME JOBS **0**

CACAO-TRACE
CERTIFICATION %

2020

IN TRANSITION

FARMER COMMUNITY

TOTAL FARMERS
178

AVERAGE FARM SIZE HA
3,5

TRACEABILITY TO FARM
100%

DIGITAL MAPPING
N/A

CLMRS
N/A

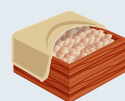
CACAO BEAN

CT VOLUME 2020
(VOLUME/T) **100T**

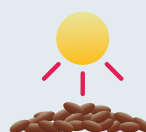
% FERMENTED
IN CT CENTERS **100%**

% FERMENTATION
BY TRAINED CT
FARMERS **-**

FERMENTATION
METHOD



DRYING
METHOD



VARIETY:
TRINITARIO



SENSORY FLAVOUR
PROFILE CATEGORIES



ECONOMIC IMPACT

CHOCOLATE
BONUS

MARKET

CURRENT FARM
GATE PRICE/MT **1.372€**

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

AMOUNT **1.524€**

CACAO-TRACE

AVERAGE FARMER
QUALITY PREMIUM
PAID/MT **152€**

CHOCOLATE
BONUS/KG **0,10€**

TOTAL CHOCOLATE
BONUS:
DISTRIBUTION: **2019 6.842€**

**2020 NOT
INITIATED**

ENVIRONMENT IMPACT

	2019	2020
AGROFORESTRY	-	NOT INITIATED

PROJECTS IMPACT (SOCIAL PROJECTS)

- COVID SUPPORT – FACE MASKS / SANITATION KIT / TRAINING

CACAO-TRACE IN MEXICO



Animated 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.

Puratos Cacao-Trace programme started in Mexico in 2019 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 diversity of cocoa varieties in the world can be found, Puratos & Belcolade are committed to perpetuate the tradition and encourage local communities to continue growing these challenging crops.

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

Highlights in 2020:

- 942 small farmers with an average of 2.7ha per farm enrolled in the Cacao-Trace programme.
- 3 Master trainings were organized in Comalcalco post-harvest centers to share knowledge with farmers and improve agricultural practices.
- Puratos Mexico finalized the building of a third post-harvest center in Pitchucalco - Chiapas.
- Puratos Mexico engaged in an Agroforestry programme with the Cacao-Trace farmers.
- The Criollo project in Yucatan is entering a new stage with the deployment on 100ha of newly acquired land.
- In 2020, the Cacao-Trace Verification process was based on Cacao-Trace Standard V5. The initial audit was conducted last December 2019. The programme passed successfully this initial audit with the high score of compliance of 84.3%. In 2020 the Covid-19 situation specifically in Tabasco and Chiapas area did not allow the surveillance auditing process. It will be replaced by desk audit in Q1 2021 and a surveillance audit in Q4 2021.
- Areas that can receive more attention are the necessity to communicate more about the programme so that farmers fully understand the benefits of Cacao-Trace and its long term commitment. Additional basic trainings on best agricultural practices is definitely needed at the farm level.

CACAO-TRACE PROGRAMME

INITIAL YEAR
2018



MASTER CT
FERMENTATION
CENTERS **3**

EXPERTS &
TRAINERS **6**

DIRECT
FULL-TIME JOBS **35**

TOTAL
INVESTMENT
IN CENTERS **520.000€**

% TRAINED
FARMERS **25%**

WOMEN
FULL-TIME JOBS **14**

CACAO-TRACE
CERTIFICATION % **2018 -**

2019 84,30% **2020 NOT FINALISED (COVID-19)**

FARMER COMMUNITY

TOTAL FARMERS
942

AVERAGE FARM SIZE HA
2,7

TRACEABILITY TO FARM
100%

DIGITAL MAPPING
N/A

CLMRS
N/A

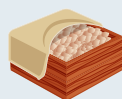
CACAO BEAN

CT VOLUME 2020
(VOLUME/T) **250T**

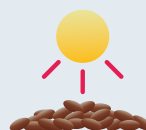
% FERMENTED
IN CT CENTERS **100%**

% FERMENTATION
BY TRAINED CT
FARMERS **-**

FERMENTATION
METHOD



DRYING
METHOD



VARIETY:
**TRINITARIO
80%
CRIOLLO
20%**



SENSORY FLAVOUR
PROFILE CATEGORIES



ECONOMIC IMPACT

CHOCOLATE
BONUS

MARKET

CURRENT FARM
GATE PRICE/MT **1.695€**

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

AMOUNT **1.565€**

CACAO-TRACE

AVERAGE FARMER
QUALITY PREMIUM
PAID/MT **260€**

CHOCOLATE
BONUS/KG **0,10€**

TOTAL CHOCOLATE
BONUS: **2019 NOT INITIATED** **2020 35.055€**

ADDITIONAL
INCOME: **-** **1 WEEK**

ENVIRONMENT IMPACT

AGROFORESTRY **2019 -** **2020 NOT INITIATED**

420HA OF FOREST IN YUCATAN AROUND -
TIKUL PLANTATION

CRIOLLO BIODIVERSITY CONSERVATION -
TIKUL PLANTATION

PROJECTS IMPACT (SOCIAL PROJECTS)

- BASEBALL FIELD FOR LOCAL COMMUNITIES - TIKUL YUCATAN (2018)
- COVID SUPPORT - FACE MASKS / SANITATION KIT / TRAINING

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 2020 is even superior to what was collected in 2019. The Foundation is grateful to Puratos, Belcolade and their customers for their engagement toward sustainability and Cacao-Trace.

On top of having maintained the Chocolate Bonus collected at the level of 2019, Puratos and the Next Generation Cacao Foundation stood up in the exceptional situation that Covid-19 represented. On top of the regular distribution of the Chocolate Bonus and the continuation of the development of local projects,

- Puratos committed to buy all Cacao-Trace certified beans amid the instability in the demand for chocolate. This action guaranteed a fair and stable revenue for the farmers;
- Puratos decided to make an extra donation, through the Next Generation Cacao Foundation, of 80.000 € to support the farming communities in all the concerned countries during the Covid-19 outbreak. The community support mainly consisted of awareness creation and distribution of face masks and hygiene kits.

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. As a consequence, it was decided that for every concrete project executed, a fraction of the future Chocolate Bonus will be allocated to its maintenance. 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.).

For their part, Puratos & Belcolade are expanding their important agroforestry project for the long term in the cocoa sector to increase the income of the farmers and help them reduce the environmental risks they face (soil impoverishment, climate change, etc.). In 2019-2020 88.864 shade trees were planted in collaboration with the French firm PUR projet - <https://www.purprojet.com/>

From 2018 to 2020 Puratos Grand-Place Vietnam engaged in field research of innovative agricultural models integrating livestock into a closed loop cocoa production. The project studied replacing external inputs by farm waste streams such as fermented cocoa pods in animal feed and using the animal waste in compost. The preliminary results of the study conducted on 6 Vietnamese farms showed an income increase of around 80%. These findings are being further studied and opportunities to upscale the model are being investigated with private public partnerships.

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

COMMUNICATION

With “Cacao-Trace”, the unique cocoa sourcing programme, Puratos goes further than any other sustainable programme in the chocolate industry to make a real difference in the taste and value of chocolate. By sharing this added value with “Cacao-Trace” farmers, the programme improves their living conditions while creating a sustainable future for the industry.

In an effort to convince customers to join the “Cacao-Trace” community, they are invited to visit the “Cacao-Trace” plantations and post-harvest centers. The experience of the past 2 years has shown, that participants benefit enormously from these visits and become genuine ambassadors of “Cacao-Trace”.

In order to be able to bring this unique experience to as many customers as possible, in 2019, Puratos also created a Virtual Reality visit. An innovative way of introducing customers and prospects to the uniqueness of the program and bring them closer to the farmers’ reality (VR video in Ivory Coast) and Puratos’ fermentation expertise (VR video in Vietnam).

In 2019, a new communication range was launched to give greater visibility to Puratos’ unique approach (of which a new elevator pitch and a range of 12 new videos, including convincing customer and farmer testimonials).

Farmer Testimonial Adjoumani



Customer Testimonial



For customers to be able to integrate the Cacao-Trace message in their own communication, Puratos created a toolkit with templates and inspiration. In 2019, we see quite some nice examples on how Cacao-Trace is integrated in packaging, instore, on customers’ website, ...



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* by three founders, all associated with the Puratos Group:

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

The Next Generation Cacao Foundation is the successor of the previously existing Next Generation Cacao Foundation VZW/ASBL. The previous foundation (VZW/ASBL) was established on 18 May 2016 and the new foundation (private stichting/fondation privée) has taken over all activities, assets and liabilities of the previous foundation as from 27 December 2017. The previous foundation (VZW/ASBL) was liquidated on 28 December 2017.

Object

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.

Board of Directors

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 object 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.

Since its establishment, the Board of Directors has met on a quarterly basis.

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

- Chairperson: Cédric Van Belle, Director at Choco-Story NV
- Secretary: Youri Dumont, Director Chocolate Business at Puratos
- Treasurer: J-P. 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, Manager Chocolate at Puratos
Sylvestre Awono, Sr Product and Training Manager Chocolate
- Legal and fiscal support: M. Smet, Tax Specialist at Puratos
R. Straetmans, Legal and Tax Director at Puratos
- Financial support: L. Thomé, Controller at Puratos

The directors and these 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.

FINANCIAL REPORT

in EUR '000			
Assets		Liabilities	
Bonus receivable from customers	206.075,00	Bonus to be distributed	433.305,00
Cash	227.230,00		
	433.305,00		433.305,00

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

in EUR '000			
Bonus distributed or to be distributed for 2020	2019	2020	
Vietnam	78.390	64.460	
Philippines	30.704	34.426	
Papua New Guinea	125.644	88.274	
Ivory Coast	140.916	231.460	
Mexico	0	35.055	
Uganda	6.842	0	
Total	382.496	453.675	

During the year 2020, the Next Generation Cacao Foundation continued to deploy the Chocolate Bonus in the Philippines and Vietnam as well as strengthened the deployment of impactful projects in Ivory Coast and Papua New Guinea. For the first time in its history, the Next Generation Cacao Foundation also distributed a Chocolate Bonus in Mexico.

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 chain the Chocolate Bonus distributions are organized in each country at different times of the year considering the harvest seasons.

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 as a whole sourced to Puratos. 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 **Vietnam**, where the Cacao-Trace Programme was initiated, the Chocolate Bonus commitment towards farmers amounted to 64 k € for the period January - December 2020. During 2020, the remaining Chocolate Bonus of 2019 was distributed, and the undistributed amount was allocated to an education project, executed in 2020. The cash distribution and the project together amounted to a distribution of 69 k €. The September Chocolate Bonus distribution amounted to 36 k €, covering the first semester of 2020. The next distribution is foreseen in the first quarter of 2021 for the remaining amount of 2020 (28 k €).

Beans sourced from **Philippines** resulted in a commitment of 34 k € towards the farmers. The remaining Chocolate Bonus of 2019 has been fully distributed (22 k €).

During 2020, in **Ivory Coast** the Next Generation Cacao Foundation continued the deployment of community projects, for an amount of 248k€. The amount collected during 2020, to be distributed in 2021, amounts to 231k€.

In **Papua New Guinea**, where the Cacao-Trace programme began at the end of 2017, **the Next Generation Cacao Foundation has been able to organize its first Chocolate Bonus distribution**, through the execution of Community Projects. The Chocolate Bonus resulting from the years 2017, 2018 and 2019 has been committed into projects, for which 146 k € were used and 44 k € are committed. For the period 2020, the additional Chocolate Bonus commitment towards the communities amounts to 116 k €.

In **Mexico**, **the first Chocolate Bonus distribution** (35k€) has been organized in the last quarter of the year, making this part of the Cacao-Trace program concrete for the farmers that engaged into the programme last year.

During the year 2020, Puratos and the Next Generation Cacao Foundation made an additional and voluntary “**Covid-19 contribution**” to help and support the farmers. This donation amounted to 80 k € and was fully distributed to the different communities.

Within the operational expenses, the administrative expenses of the Next Generation Cacao Foundation are rather limited and consist of audit fees (1 k €) for the annual accounts, audit and legal fees (11 k €) for the Chocolate Bonus distribution audit. The operational expenses are covered by additional donations from third parties, in order to guarantee the fundamental principle of the Chocolate Bonus: we apply complete transparency: €0.10 collected = €0.10 distributed.

As of 31/12/2020, the open liabilities towards farmers amount to 433 k € (28 k € in Vietnam, 34 k € in the Philippines, 231 k € in Ivory Coast, 132 k € in PNG and 6k€ in Uganda). The Chocolate Bonus collected and available on the bank account amounts to 227 k €. The amount to be received from subsidiaries of the Puratos Group amounts to 133 k € (USA, Spain and Puratos NV). Another amount of 79 k € has been recognized as a "receivable on stock" (the stock being either in beans, cocoa ingredients or in chocolate).

Context Explained

Cacao-Trace strategy is driven by differentiation through flavour. Each Cacao-Trace programme only buys quality beans which are above the conventional threshold. Within this quality there are different realities, further described below.

Master Cacao-Trace Fermentation centre:

- Direct influence on process
- Opportunity for customization
- Research
- Operational costs (high)
- Direct CAPEX investment

Cacao-Trace Fermentation centre:

- Adapted CT protocol
- Fermented in boxes
- Traceability
- Quality beans

Cacao-Trace Individually Fermented:

- Fermented at individual level

REALISED PROJECTS

Ivory Coast



Papua New Guinea



www.cacaotrace.com

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

