



## 1. BOLD PUBLIC-PRIVATE ACTION: THE COCOA & FORESTS INITIATIVE

The governments of Côte d'Ivoire and Ghana and the world's leading cocoa and chocolate companies signed landmark agreements in November 2017 to end deforestation and promote forest restoration and protection in the cocoa supply chain.

This new public-private partnership – called the Cocoa & Forests Initiative (CFI) – has been organized by the World Cocoa Foundation (WCF), IDH – the Sustainable Trade Initiative, and The Prince of Wales's International Sustainability Unit (ISU). The Prince of Wales launched CFI in March 2017 in London.

The Frameworks for Action for Côte d'Ivoire and Ghana define core commitments, verifiable actions, and time-bound targets required for a deforestation-free and forest-positive supply chain.

The Governments of Côte d'Ivoire and Ghana play a critical leadership role in establishing the national strategy, enabling policy environment, and governance structure for CFI implementation. They ensure that CFI is linked to similar initiatives with other commodities, and fully aligned with the national REDD+ Strategy and other relevant national strategies and plans. They provide key operational guidance, and baseline economic, environmental, and social data, to help companies identify and plan the most effective and efficient private investment activities for CFI.

The Governments have prepared comprehensive national implementation plans (Côte d'Ivoire, Ghana) that outline key public sector priorities, actions and timelines, following extensive consultation with all stakeholders. During the first year of CFI, the Governments have launched work on the key building blocks for successful CFI implementation, including important revisions to the legal framework for sustainable forest management, preparation of up-to-date boundary maps of protected areas, and collection of socio-economic and land use data for the priority investment areas.

Thirty-three companies<sup>1</sup>, accounting for about 85% of global cocoa usage, have now joined CFI. Each company has agreed to prepare a detailed individual action plan that spells out the specific actions it will take in 2018–2022 to deliver the commitments set out in the Framework. Each company will decide for itself how to best support the achievement of the Framework objectives, based on their role in the supply chain, their corporate strategic priorities, and their cocoa sustainability goals.

Almost all companies have now completed initial action plans. These initial plans will be updated and finalized in mid-2019 after the governments have completed the ongoing legal and operational policy changes, the mapping of protected areas, baseline data collection, and other building blocks needed for full investment programming.<sup>2</sup>

CFI has been supported by several global development partners, including the United Kingdom’s Department for International Development, the Dutch Ministry of Foreign Affairs, the German Federal Ministry of Economic Cooperation and Development, the World Bank, the International Finance Corporation, the Global Environment Facility, and the Green Commodities Program of the United Nations Development Program.

CFI is coordinated closely with a wide range of global and local environmental organizations and partnerships, including the Tropical Forest Alliance 2020, Amsterdam Declaration Partnership, Partnerships for Forests, the Rainforest Alliance, World Resources Institute, and Mighty Earth.

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<sup>1</sup> Arysta Callivoire, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa and Chocolate, Cémoi, Chocolats Halba, Cocoonect, Cococo Chocolatiers, ECOM Group, Fazer, Ferrero, General Mills Inc., Godiva Chocolatier Inc., Guittard Chocolate Company, The Hershey Corporation, Indcresa, Lindt & Sprüngli Group, Marks & Spencer Food, Mars Wrigley Confectionery, Meiji Co. Ltd., Mondelēz International, Nestlé, Olam Cocoa, PBC Limited, Sainsbury’s, SIAT, Tesco, Toms Group, Touton, Tree Global, Unilever, Valrhona, and J.H. Whittaker & Sons

<sup>2</sup> The actions pending further information are marked “to be determined” in the initial company action plans

## 2. WHAT ARE THE KEY COMMITMENTS IN CFI?

The Frameworks are structured around three critical themes of (1) forest protection and restoration, (2) sustainable production and farmers' livelihoods, and (3) community engagement and social inclusion.

**The first priority is the protection and restoration of forests that have been degraded.** To this end, the governments and companies have pledged no further conversion of forest land for cocoa production, and have committed to the phased elimination of illegal cocoa production and sourcing in protected areas.

Both countries are introducing a differentiated approach for improved management of forest reserves, based on the level of degradation of forests. Up-to-date maps on forest cover and land-use, socio-economic data on cocoa farmers, and detailed operational guidelines covering forest management and land-use are being developed and will be publicly disclosed.

To ensure effective implementation and monitoring of these commitments, companies have pledged to develop verifiable monitoring systems for traceability from farm to the first purchase point for their own purchases of cocoa, and to work with governments to ensure an effective national framework for traceability encompassing all traders in the supply chain.

**The next critical priority is sustainable agricultural production and increased farmer incomes.** These are essential pre-requisites for reducing pressure for agricultural encroachment into forests and strengthening the resilience of cocoa farmers to climate change.

The governments and companies have agreed to accelerate investment in long-term productivity of cocoa in order to grow "more cocoa on less land." Key actions include: provision of improved planting materials, training in good agricultural practices, soil fertility, land tenure reform, and capacity building of farmers' organizations. Sustainable livelihoods and income diversification for cocoa farmers will be accelerated through food crop diversification, agricultural inter-cropping, and development of mixed agro-forestry systems and shade-grown cocoa.

**The final area of focus is strong community engagement and social inclusion, with a particular focus on women and youth.** The governments and companies have committed to full and effective consultation and participation of cocoa farmers in the design and implementation of key actions, and promotion of community-based management models for forest protection and restoration. The governments will assess and mitigate the social impacts and risks of any proposed land-use changes on affected communities.

The set of public-private actions represent unprecedented commitments on forest protection and restoration, and sustainable cocoa production and farmer livelihoods. These combined actions, which are aligned with the Paris Climate Agreement, will play a crucial role in sequestering carbon stocks and thereby addressing global and local climate change.

### **3. TESCO VISION FOR THE COCOA & FORESTS INITIATIVE**

We have made the commitment to lead the industry in addressing the sustainability challenges in key supply chains. We want to give our customers peace of mind that the products they buy from us are sourced with respect for the environment and people who produce them, while remaining affordable.

Forests play a critical role in our global ecosystem. As part of our business sustainability strategy, the Little Helps Plan, and through our membership of the Consumer Goods Forum (CGF), Tesco is committed to achieving zero-net deforestation by 2020, in the sourcing of palm oil, soy, wood/paper and Brazilian beef for our Own Brand products.

In recent years there has also been a greater focus on cocoa as a driver of deforestation too.

### **4. OVERVIEW OF COMPANY ACTION PLAN**

The most effective role we can play in supporting the Cocoa & Forests Initiative is by working with other retailers to engage trading partners in our supply chains.

Together with other retailers, we have developed a joint Retailers Action Plan which is outlined below.

### **5. PRIMARY ACTIVITIES AND INVESTMENTS**

#### **Retailers' Cocoa & Forests Initiative Action Plan**

We the undersigned retailers are committed to supporting the Cocoa & Forests Initiative (CFI) in an approach that is commensurate to the nature of our businesses and the profile of cocoa in our supply chains.

The Consumer Goods Forum has committed to achieving zero-net deforestation by 2020 with a focus on palm oil, soy, timber/pulp and cattle products – the leading drivers of global deforestation. In most cases these commodities are used extensively in our supply chains.

We also recognise that the challenge of deforestation and sustainable land-use planning occurs in other products, including cocoa. We recognise the opportunity to strengthen the major positive reforms underway in the industry since November 2017. Many of our companies have committed to achieving sustainability via sourcing cocoa certified to standards including Rainforest Alliance, Fairtrade, organic, and others. While certification is a part of the solution,

we also recognise that on its own, it is not sufficient to transform the industry and effectively address complex challenges such as deforestation and improved livelihoods.

We therefore strongly support the CFI and the Frameworks for Action as a landmark multi-stakeholder initiative for protecting and restoring forests in Côte d'Ivoire, Ghana, Colombia, and beyond. As retailers, our experience working with other deforestation risk commodities in our supply chain has taught us some valuable lessons:

- Collaboration provides an effective and efficient way to support change and grow our leverage;
- Harmonised approaches by retailers are preferred by our supply chain partners;
- There are key levers for us to drive change in our typically long and complicated commodity supply chains.

Given the above, we believe the most effective role we can play in supporting the CFI is through engagement with our trading partners through a collaborative retailer approach. As a result, we have established the Retailer Cocoa Collaboration (RCC). Through the RCC, the undersigned companies commit to supporting the CFI and the eight core commitments outlined in the Frameworks for Action by engaging with our cocoa supply chain partners to ensure they commit to the CFI and that strong progress is being made against their individual CFI Action Plans. Signatories also commit to financially supporting the work of the CFI either through WCF membership or direct sponsorship.

These agreed actions of the RCC include:

- 1. Public endorsement (where appropriate) of the Cocoa and Forests Initiative.** This includes encouraging our traders and suppliers to commit to the 8 CFI principles as well as company specific communications.
- 2. An ambition to map our collective supply chains** so we know what percentage of our cocoa supply is from each trader.
- 3. A commitment to assess cocoa traders' performance against key sustainability indicators.** This approach replicates that of the *Palm Oil Transparency Coalition* and acknowledges that the key lever for change within the cocoa supply chain for retailers is at the trading level. The results of this assessment would be shared with RCC members to independently determine next steps. Retailers will need to contribute financially to any work that is commissioned.
- 4. Following the assessment, understand how our current work on cocoa sustainability is supporting CFI.** Where there are gaps, we will explore opportunities to support further.
- 5. A commitment to bi-annual meetings as part of the Retailer Cocoa Collaboration (RCC).** Terms of Reference for this group have been developed and WCF are invited to engage in these conversations.