



**Cocoa Community Confections Inc.
CFI Action Plan • March 2023**

Cocoa Community Confections Inc. (Cococo) is renewing its commitment to CFI for 2023-2025. Our dedication to sustainable practices in the cocoa industry has not wavered. The following action plan very closely resembles our previously submitted plan, as we aim to carry forward the same goals.

I. 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. These companies are now renewing their pledges for the next 3 years with CFI 2.0.

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 timebound targets required for a deforestation-free and forest-positive supply chain. The CFI 2.0 targets are seeking to align with the national implementation plans developed and adopted in Côte d'Ivoire and Ghana in 2022; and to reinforce their commitment to achieving CFI goals.

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 5 years 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-six companies¹, 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 2023-2025 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.

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.

¹ *Arysta Callivoire, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa and Chocolate, Cémoi, Chocolats Halba, Cocoanect, 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., Mondelez International, Nestlé, Olam Cocoa, PBC Limited, Sainsbury's, SIAT, Tesco, Toms Group, Touton, Tree Global, Unilever, Valrhona, and J.H. Whittaker & Sons.*

II. 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 per-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.

III. COCO'S OVERALL VISION FOR THE COCOA & FORESTS INITIATIVE

Cocoa Community Confections Inc. answered the call to join the CFI with the express hope of demonstrating how a small manufacturer and retailer, seemingly far removed from the forests of West Africa and also seemingly lacking any meaningful power to affect issues on the ground in West Africa directly, should nevertheless still do whatever it is capable of doing. All players in the cocoa industry share an accountability for the concerns of the CFI. We continue to hold strong to this belief and are restating our commitment to these goals.

The CFI initiative is foundational for sustainability progress. It is not that forest protection and remediation are more important than the other key issues of improved farmer livelihoods or the need to advance community engagement and social inclusion. It is simply that without a protected environment it is logically impossible to make the progress that is required on other fronts. Also, and speaking now from a vantage point that is both geographically and politically/commercially far away from West Africa, it also seems to be true that the aspiration to protect rainforests is, in sustainability terms, a gateway issue. That is to say: it is comparatively easy to convince people of the need to protect and remediate forests, and from that accepted starting point

it is then much easier to broaden the sustainability conversation to address closely connected issues. Cococo's customers and its local environment could and should do more to support sustainability goals in West Africa, and the CFI dialogue may encourage the necessary participation and interest.

Cococo's corporate vision and mission statements challenge Cococo to become a truly "sustainable chocolate confectionery". Cococo's view is that to aspire toward a sustainable cocoa future is to aspire toward a cocoa future of "less but better" (and also, as a corollary, a future where "more cocoa on less land" must also mean "farm gate prices that meaningfully support farmer livelihoods"). This perspective seems closely and intuitively aligned to the realities of CFI today.

IV. OVERVIEW OF COMPANY ACTION PLAN

Cococo's Action Plan is a starting point that identifies our key activities and investments over the next three years (2023-2025).

The basic premise is that Cococo remains committed to the fulfillment of the CFI commitments to end deforestation and forest degradation in the cocoa sectors beginning in Côte d'Ivoire and Ghana and that, as a retailer, Cococo will actively (transparently and accountably) support the priorities outlined in the Frameworks for Action.

Cococo will remain committed to West Africa, and will work with its supply chain partners to influence their achievement of CFI goals on the ground.

In the ideal case, Cococo will also identify and act upon scaled opportunities to directly support CFI programmatic responses with financial contributions; Cococo will continue to actively explore such opportunities going forward.

V. PRIMARY ACTIVITIES AND INVESTMENTS

By its signature below, Cocoa Community Confections Inc. commits to this Action Plan in fulfillment of its status as one of the original signatories to the CFI.

Cococo's approach necessarily reflects both its limited and dependent position in the cocoa supply chain, and also its small commercial stature. Cococo is a manufacturer and distributor of fine chocolate confectionery—with sales across Canada through our own Cococo-branded retail stores and online—but Cococo does not today make chocolate directly from the bean nor do we procure any cocoa products directly from any source country. What Cococo is able to control today is mainly what we are willing to buy, and what we are willing to say, and to do, to amplify the effect of our buying decisions.

Cococo's fine confectionery business is critically dependent upon the cocoa supply chain and therefore upon the sustainability of that supply chain. Since 2014, Cococo has purchased for its use as manufacturer only chocolate and related cocoa-derived products that are both Rainforest Alliance Certified™ and that are bean sourced from West Africa. We continue to do so today. This approach has been publicly disclosed by Cococo since its inception, and Cococo has also committed publicly to disclose exceptions to this buying practice should any arise.

Cococo's insistence upon West African sourcing reflects the fact that the worldwide cocoa industry—and, therefore, the sustainability of cocoa and chocolate—is inextricably intertwined with the success of cocoa in West Africa. There is no solution for cocoa sustainability today without a solution for cocoa sustainability in Côte d'Ivoire and Ghana.

Certification schemes are not a sufficient condition for the achievement of sustainability. However, from Cococo's perspective as a comparatively small industry player that is not yet directly purchasing from any source country, third-party certification schemes continue today to offer the most direct known means of credibly influencing the supply chain through readily available commercial mechanisms. Marked improvements in consumer demand for higher-priced and more highly-valued certified production would have salutary effects all along the supply chain.

Certification improvements offering full traceability could furthermore help directly with the important goal of significantly increasing farm-gate prices. Full supply-chain traceability could create more diverse purchasing alternatives (more “origin” and “plantation” purchasing) and thus could lead some additional part of the market away from both commodity-based pricing and also flavour- or origin-based pricing discrimination against so-called “bulk beans”. But these are ideas that must always presume increasing demand for quality and traceability in the market, and consumer demand will not build itself.

Smaller branded businesses are typically at the leading edge of change, and often they are the locally-recognizable face of chocolate in their respective smaller markets. Smaller branded businesses are therefore often well and uniquely positioned to communicate with greater force and credibility than much larger businesses working with more complicated stories. This gives smaller branded businesses a trend-setting reach that can extend beyond their commercial grasp. In general, though, smaller branded businesses for various reasons do not credibly engage directly in dialogues about sustainability at the international level. Undoubtedly resource limitations partly explain this reality, but it can also be very convenient for smaller players to defer to the perceived leadership of large supplying corporations, or to avoid altogether engaging in complex sustainability issues affecting Côte d'Ivoire and Ghana, including by making superficially simple supply decisions of their own.

Cococo recognizes that it can play a small direct role in facilitating CFI with its own purchasing decisions and by supporting financially the programmatic responses of others, but Cococo believes that its most meaningful role likely involves educating consumers, collaborating with others who are similarly situated, and advocacy. We are working on a very exciting collaboration with a local partner to possibly fund a cocoa research opportunity. Additionally, this year we have dedicated a great deal of time to reassessing our suppliers and investigating how we can do better in our sourcing.

There is today a noticeable absence of any agreed-upon sustainability best practices to guide the retail end of the cocoa supply chain. Integrated retailers that sell cocoa-derived products both under their own labels and also as incorporated into a multitude of other branded products face distinct challenges. Cocoa-specific retail businesses—which are plentiful in consuming countries—are well positioned to enforce transparency and accountability, and to lead efforts toward defining best practices by example.

Against that backdrop, Cococo re-commits to the CFI and to the eight core commitments outlined in the Frameworks for Action and will, in particular, evaluate and insist upon our cocoa supply chain partners proving their ongoing commitment to the CFI and their achievement of the CFI requirements via their own respective Action Plans (each such partner being a “compliant CFI signatory”). Cococo will, more specifically:

1. Source at least the key or defining part of its required chocolate and cocoa-derived products from West Africa. The quantity sourced, in proportion to Cococo’s annual needs, will be not less than whatever proportion West African cocoa production at the time bears to the entire world’s production, as credibly reported by third party monitoring organizations (e.g. ICCO, Cocoa Barometer); for example, if West African cocoa is 70% of the world’s supply, then Cococo will source at least 70% West African chocolate and cocoa-derived products. Currently we are sourcing 100% of our chocolate from West Africa.
2. Purchase its West African chocolate and cocoa only from one or more compliant CFI signatories.
3. Evaluate routinely the CFI compliance of its supplier(s) and the supportive posture of third-party certifier(s), including by measuring performance against key sustainability indicators, with a focus upon (a) forest protection and restoration, (b) increased farmer incomes, and (c) community engagement and social inclusion, with a particular focus on women and youth.

4. When evaluating the CFI compliance of suppliers, pay primary regard to disclosures made by such suppliers in the format of the agreed CFI Action Plan Template reporting table (original Excel version, infographics version, or simplified-tables version).
5. Pursue its suppliers to achieve transparently the goal of full traceability—initially from the farm gate to the first point of collection, but thereafter along the entire supply chain (from farm gate to Cococo product).
6. Support the CFI by continued membership in World Cocoa Foundation, and by a willingness to support financially through direct sponsorship CFI programmatic responses being undertaken by its supply chain partners.
7. Promote demand conditions that will increase the value of non-deforestation products in Canada, especially by:
 - a. Educating Cococo's existing and potential customers concerning: (1) the CFI, (2) Cococo's cocoa-sourcing practices, and (3) Cococo's efforts (in the absence of any agreed-upon framework) to implement best practices at retail.
 - b. Advocating—through pre-competitive communications and opportunities—that other cocoa-dependent businesses similarly situated to Cococo likewise make public their clear commitment to the CFI and WCF.
 - c. Advocating to local (consuming country) government entities the need for improvements to retail product labeling, and also the enforcement of existing labeling standards, to support CFI goals.
8. Report transparently online as to its annual performance in relation to the foregoing Action Plan items—including by disclosing failures, and also by highlighting as may be relevant the particular disclosures made by suppliers in the common format of the agreed CFI Action Plan Template reporting table, to best ensure an “apples to apples” transparent evaluation of Cococo's supply-chain in the broader CFI industry context.

Signed in Calgary, Alberta, Canada, this 19th day of March, 2023.

COCOA COMMUNITY CONFECTIONS INC.

PER: 

Brian Beck, President