



# Nestlé Cocoa Plan Progress Report 2020







Welcome to our 2020 Progress Report. 2020 was a challenging year for everyone in the face of the global COVID-19 Pandemic. We responded effectively to a demanding and evolving situation – donating to the World Cocoa Foundation’s COVID-19 effort and the International Federation of Red Cross and Red Crescent Societies (IFRC). Operationally we were quick to react to COVID-19 protocols, restricted travel and

implemented hygiene measures. We also donated sanitation equipment to cooperatives and communities. There was, inevitably, an operational impact, which affected field activities – notably remediation efforts in our CLMRS. This is discussed in more detail in the report, which also includes our activity, outcome and impact KPIs. Data is collected from our suppliers and partners, while Rainforest

Alliance performs an impact survey on a sample of farmers. In 2020 this impact survey covered a representative sample of 1,269 out of 80,000 farmers in the NCP in Cote d’Ivoire. This work helps us understand our performance, track progress and course correct. In 2021, we will extend this coverage to Ghana and enact our own monitoring in LATAM such as Ecuador and Mexico. We thank you for your interest.

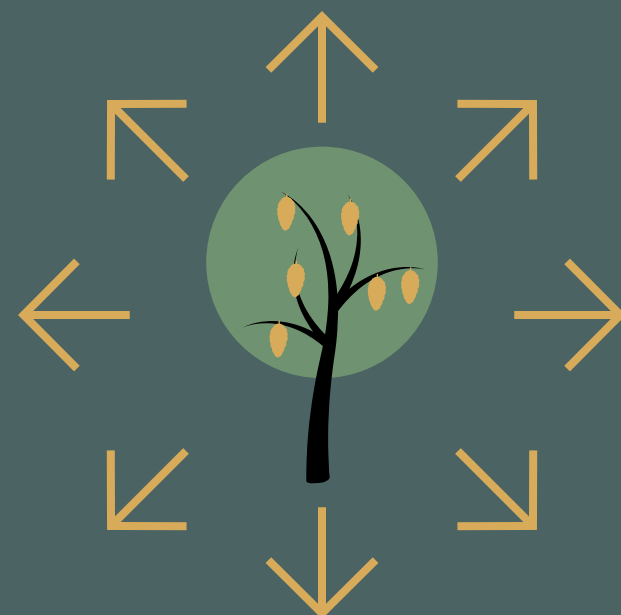
## 124,000

Farmers in Nestlé Cocoa Plan



## 16m+

Cocoa trees distributed to Nestlé Cocoa Plan farmers since 2010



## 1,661 kg/ha

Demonstration plot average yield



## 669,000

Forest and fruit trees globally distributed to support reforestation and cocoa growth



## 40

Female farmers have been added to a specialized training group



## 193

Village Savings & Loan Association groups have been created for Nestlé Cocoa Plan farmers and their spouses





## Why it matters

The Nestlé Cocoa Plan aims to help farmers address the challenges they face through three pillars – better farming, better lives and better cocoa. Activities such as training in better agricultural practices, distributing forest and fruit trees, promoting gender equality and education for children help farmers to improve the quality of their production, as well as their income and livelihoods.

## What we are doing

In 2019 we announced that we would source 100% of the cocoa for Nestlé's confectionery division, (around 300,000 tonnes per year), through the Nestlé Cocoa Plan by 2025. In 2020 we upgraded this ambition to include all of Nestlé's cocoa (around 430,000 tonnes per year) by the same deadline.





## Our Approach

We have identified poverty, deforestation and child labor as the key challenges impacting cocoa farming and we are working with farmers, communities, our suppliers, local and international organizations to develop and implement solutions through three pillars of activity.



## Better Farming

Providing training and resources to help farmers improve yields and quality, increasing income, tackling deforestation and improving livelihoods



## Better Lives

Tackling child labor risk, empowering women and improving access to quality education to help communities thrive



## Better Cocoa

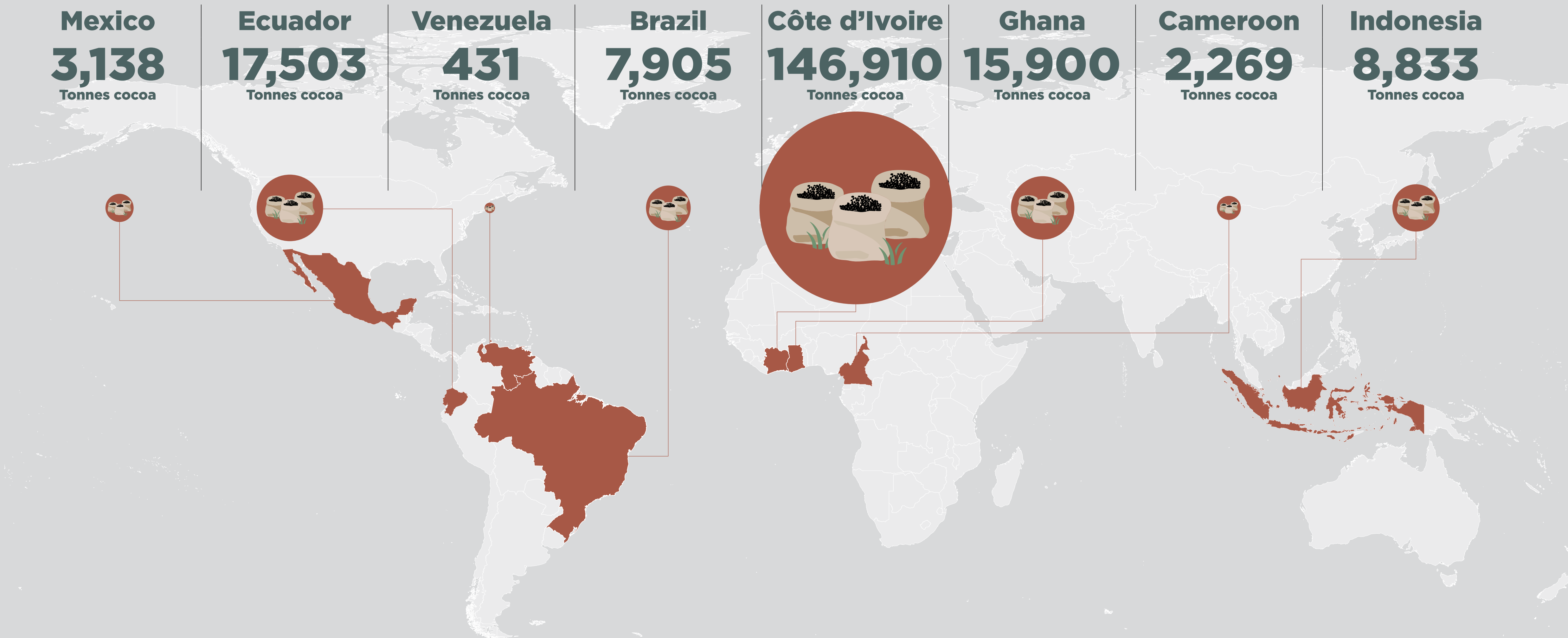
Enhancing supply chain traceability, building long-term relationships with farmer groups



# Our Approach

In 2020, the Nestlé Cocoa Plan worked with 124,053 farmers, sourcing 202,890 tonnes of

cocoa. The breakdown of sourcing regions outlined below highlights the breadth of our footprint, with Africa as our primary focus.









# FARMER INCOME AND PRODUCTIVITY ARE CRITICAL TO IMPROVING LIVELIHOODS

We continue to work with our suppliers and farmer cooperatives to help farmers improve how they farm, in order to increase yield and therefore income. We offer training and coaching to help them reduce disease in crops, improve bean quality, rejuvenate farms and improve the environment.

The number of farmers in the Nestlé Cocoa Plan increased to over 124,000 globally. The number of cocoa trees distributed decreased year-on-year, to just under 700,000 as our suppliers found difficulty sourcing seeds in Ghana.

The Rainforest Alliance survey results show that our contact with farmers is still mainly through field schools, with farm visits and coaching rising in importance, and that satisfaction with services is average or good. Farmer feedback like this is critical to help increase the impact of our interventions Good Agricultural Practice (GAP)

adoption rate decreased vs. 2020, with pruning and shade management practices pulling down the overall GAP adoption score to 18%. This is partly due to the data collection being later in the year so it may not have picked up pruning done earlier.

Pruning is important because it can increase yield and improve airflow - reducing the risk of plant disease. In 2020 we scaled up the training of pruning groups to provide this service to farmers. A total of 171 groups pruned a total of 7,136 ha last year, a seven-fold increase on 2019. We are further increasing this in 2021. Our demonstration plots produced an average yield of 1,661 kg /ha - a three- to four-fold increase on typical plots, showing the impact of pruning and good agricultural practices.

Shade trees help to protect cocoa crops from excessive heat and rainfall (thereby increasing resilience against climate change) and help to maintain

soil fertility. Not only does this help to improve yields, which is good for farmer incomes, but it helps the environment, too.

Typical shade tree densities are below 10 per ha, showing the need for more forest and fruit trees. Over one-third of farmers are now planting new shade tree seedlings. In 2021 we will be making over 1 million forest and fruit tree seedlings available to help farmers to improve shade tree density on farms. Over half of farmers are actively managing soil fertility, with

some turning to organic solutions.

In 2020, we continued our programme of special coaching for the better farmers, so we can learn from them and they can become 'lighthouses' of best practice for their local communities. These are farmers who are selected from NCP coops and who show entrepreneurship and promise. Last year we added 40 female farmers to the group. We will be reporting on the learnings from this program later in 2021.

**7,136**

171 groups who pruned a total of 7,136 ha

**124,000**

Farmers in Nestlé Cocoa Plan

**40 female**

farmers selected for specialized training

**3-4x**

Increase in yield on pruned plots

Activity KPIs	Country	2018	2019	2020
Number of farmers in the Nestlé Cocoa Plan	Global	114,460	109,748	124,053
Number of improved cocoa plants distributed	Global	3,569,363	950,534	698,167
Number of shade trees distributed globally	Global	151,414	420,529	669,305
Outcome KPIs				
% farmers applying good agricultural practices	Côte d'Ivoire	21%	28%	18%

The number of shade trees distributed increased in line with our plans and should exceed 1 million in 2021.





# NATURAL CAPITAL

## Committing to no deforestation

Deforestation remains a major issue in cocoa regions, particularly in West Africa. In 2017, we joined the Cocoa & Forests Initiative, facilitated by the Sustainable Trade Initiative and the World Cocoa Foundation, with a strong focus on combatting deforestation, restoring forests and promoting agroforestry. In 2020, we worked with the initiative to map over 75% of the 120,000 cocoa farms we source from across Côte d'Ivoire and Ghana.

In March 2019, we published our [Cocoa & Forests Initiative Action Plan](#). We have now reported twice against it.

In 2020, we distributed over 669,000 forest and fruit trees globally to support the reforestation of cocoa-growing areas. As part of our [Net Zero Roadmap \(pdf, 7Mb\)](#), we are encouraging our farmers to plant more shade trees to protect their crops from heat stress and excessive rainfall. These trees will also help to improve water management, local biodiversity, soil organic matter and carbon sequestration, while providing an additional income source for farmers.

## Cavally Forest partnership

In 2020, we invested CHF 2.5 million to finance a three-year project implemented by the Côte d'Ivoire's Forest Agency (SODEFOR) and the non-profit organisation Earthworm Foundation to help preserve Cavally Forest in Côte d'Ivoire. Together with other stakeholders, the initiative aims to halt illegal cocoa cultivation, restore degraded forest areas and increase the resilience of cocoa communities and farmers around the Forest. It will also take an active role in tracking the forest's carbon stock to evaluate the influence of activities towards reducing greenhouse gas emissions.

This is part of our Forest Positive strategy through which we will support supply chains and productive landscapes that have a positive impact for people and the planet.

## Collective action and engagement

We are dedicated to improving societal and sustainability standards throughout our cocoa supply chains. That is why we have been a dedicated member of the Cocoa & Forests Initiative since it was established three years ago.

It is also why, in April 2020, we joined the [Child Learning and Education Facility \(pdf, 493Kb\)](#) coalition. Through this organization, we are supporting the development of quality education in rural communities in Côte d'Ivoire. The coalition has been promoted by the Jacobs Foundation, with whom Nestlé already partners to develop training for young people as part of the Transforming Education in Cocoa Communities program.

In addition, we work with industry partners to call for stronger policies. Alongside various cocoa and chocolate manufacturers and civil society organizations, we have published a [joint position paper \(pdf, 423Kb\)](#) on the European Union's policy and regulatory approach to cocoa. In it, we call for mandatory human rights and environmental due diligence to be established, alongside stronger partnerships with producer governments to ensure sustainable cocoa.



[Forest Positive report](#)

**TOWARDS  
A FOREST  
POSITIVE  
FUTURE**

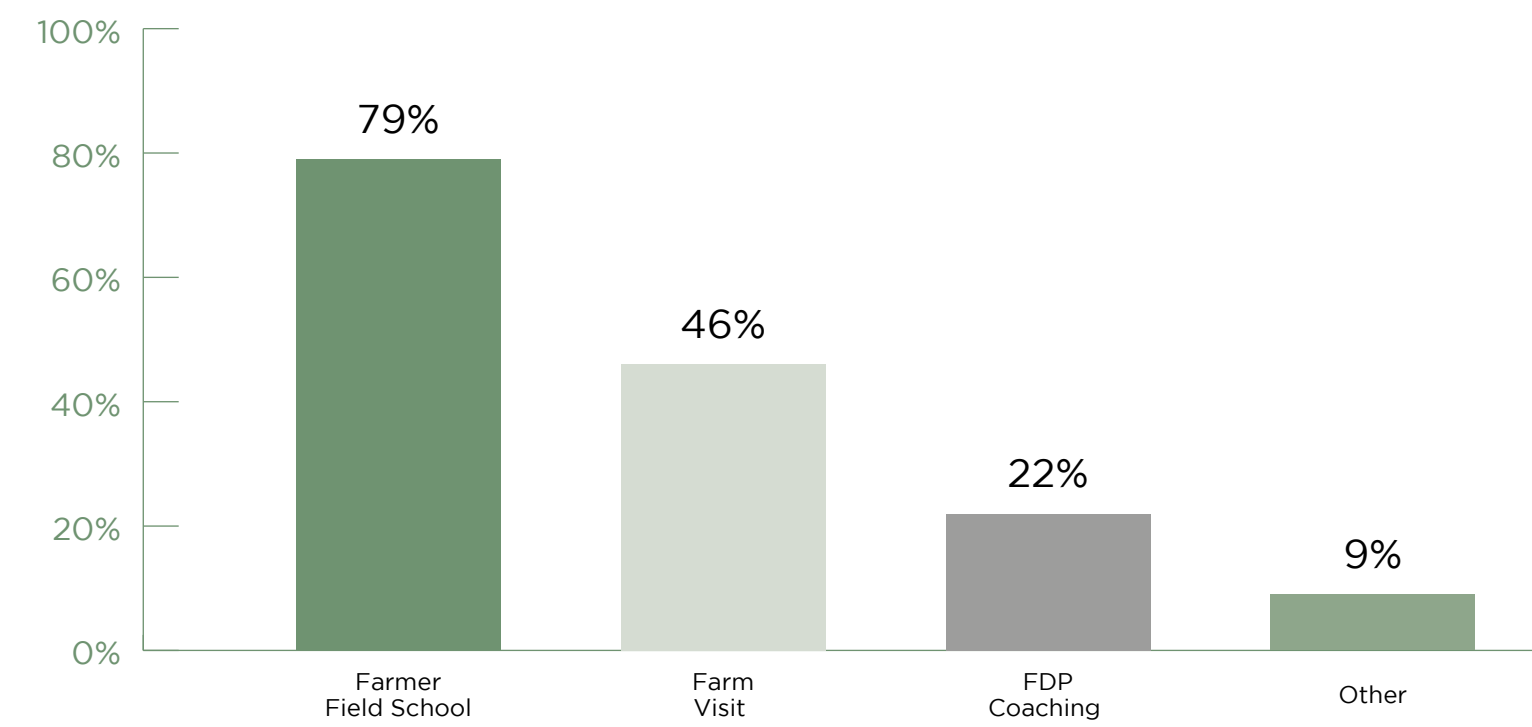
Ten years of sustainability in action  
June 2021



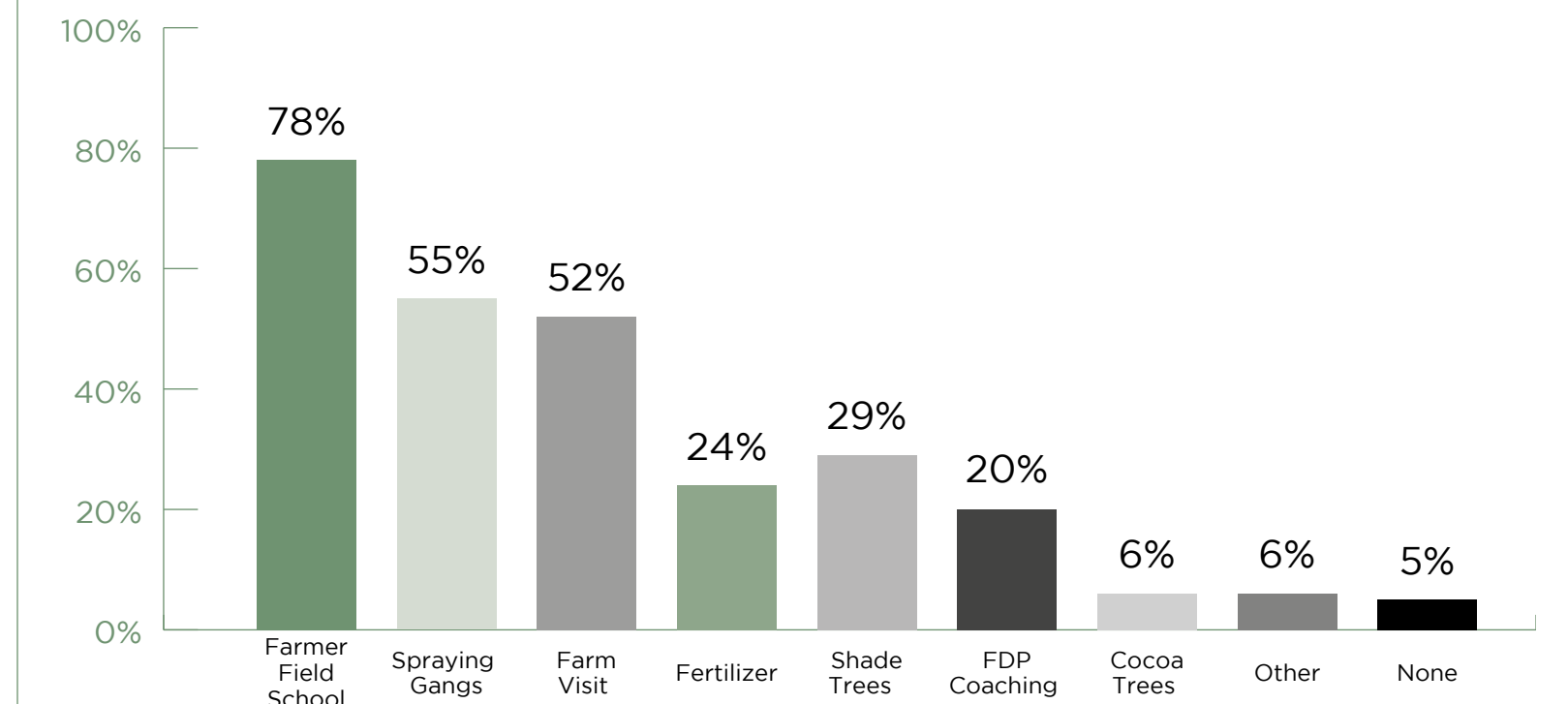




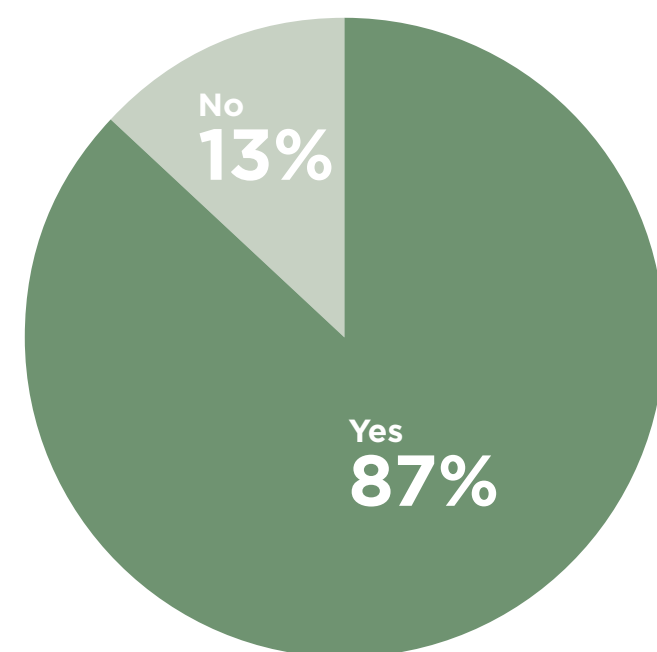
**Type of training received in last 12 months**  
(% of farmers, multi-select)



**Type of support received in past 5 years**  
(% of farmers, multi-select)

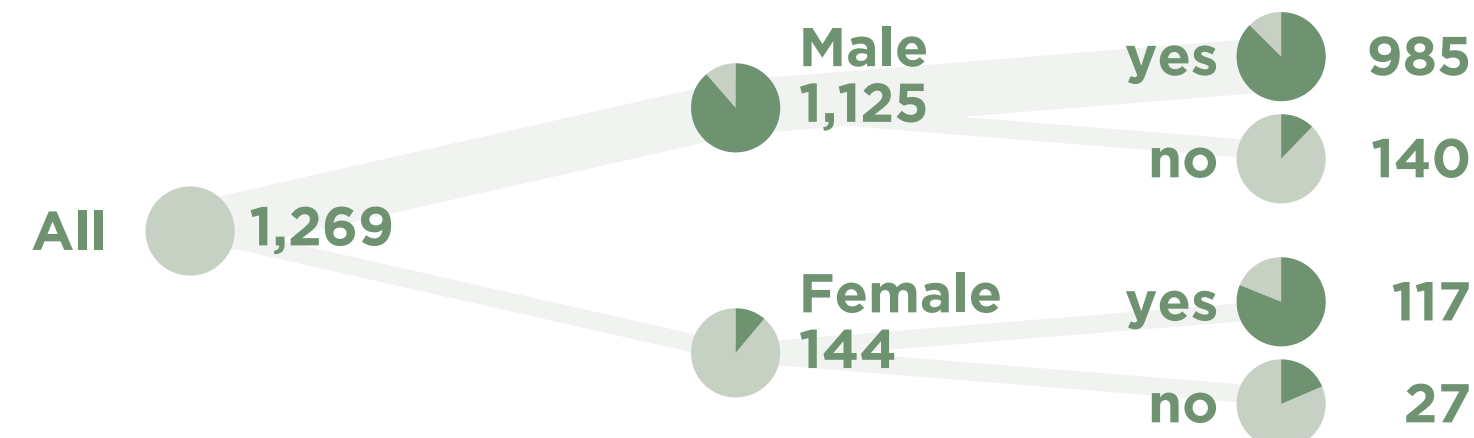


**Farmers who attended training in the past 12 months**



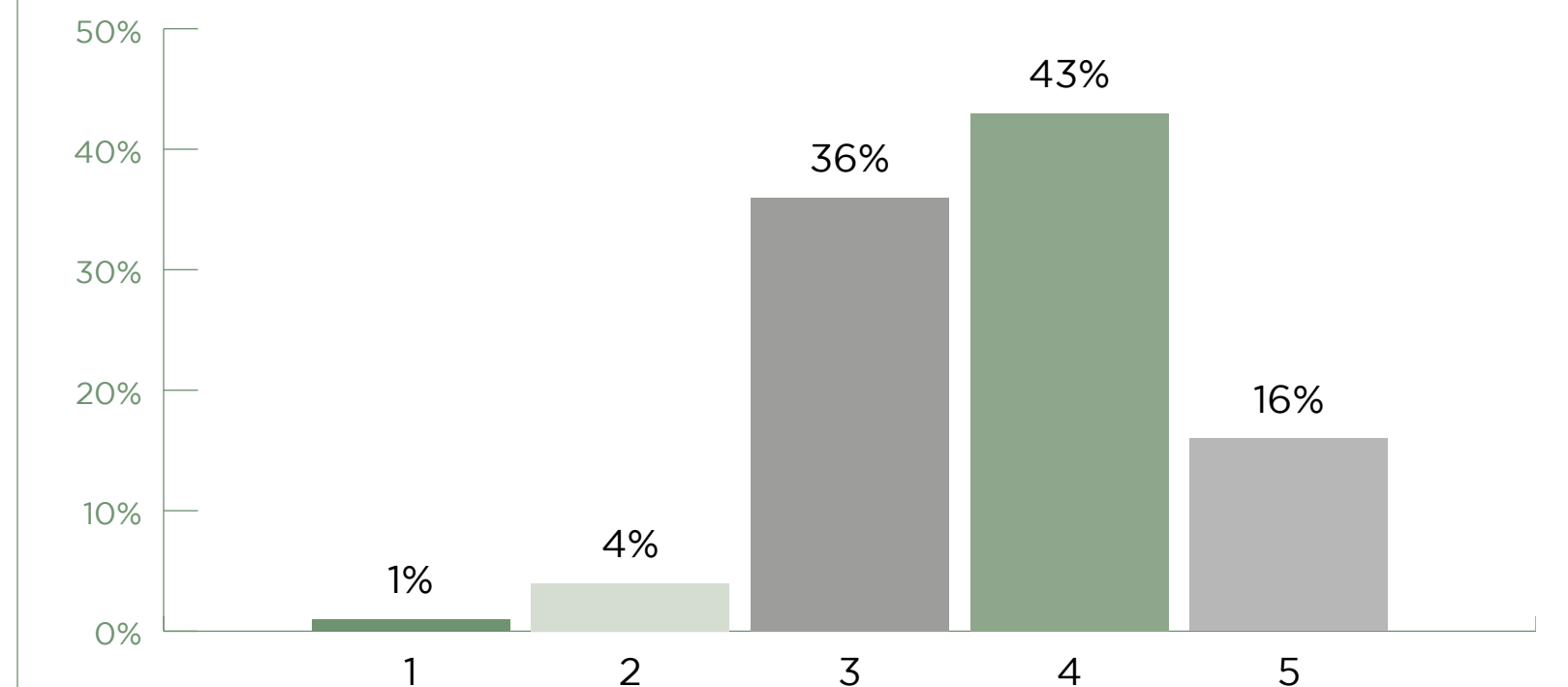
**Training: male and female**

Males comprise the majority of registered farmers, but a similar share of males and females attend training



**Satisfaction with the support received**

5=best







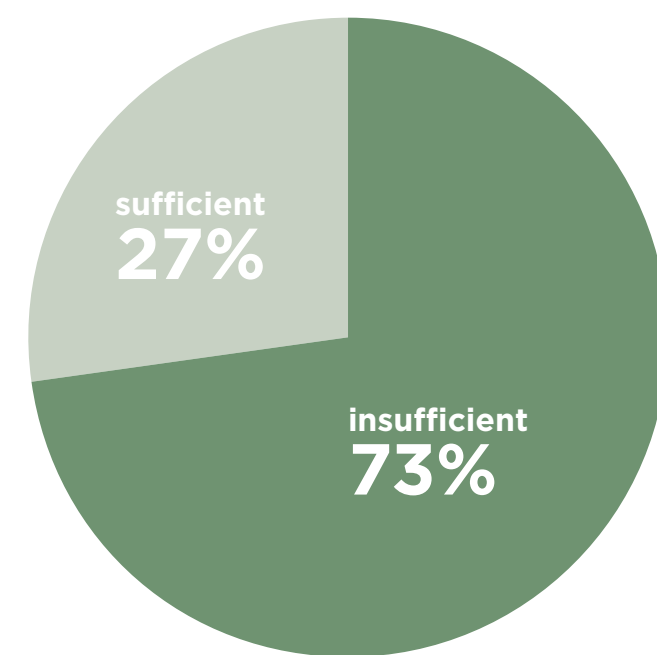
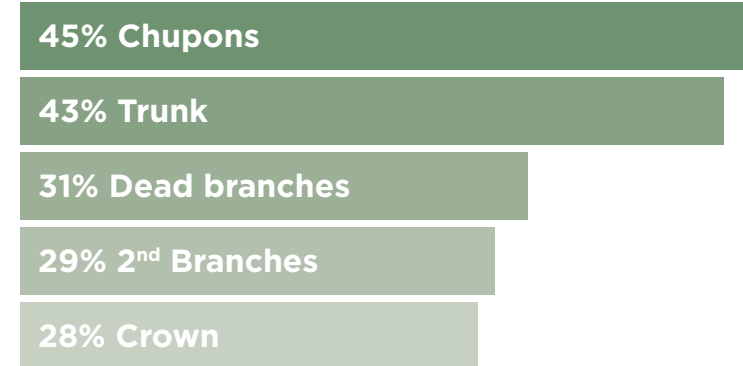
## GAP 1: PRUNING

The Pruning score is based on three plot observations of 5 criteria (adjacent column) farmers can earn a “good”, “average”, or “poor” practice score (i.e., good chupon management or few chupons). The best possible score is “good” on all criteria in all plots. Sufficient GAP adoption is any overall score better than average (better than 25 points out of 45 total possible points).

Among the individual components, farmers score best on chupons management and trunk quality.

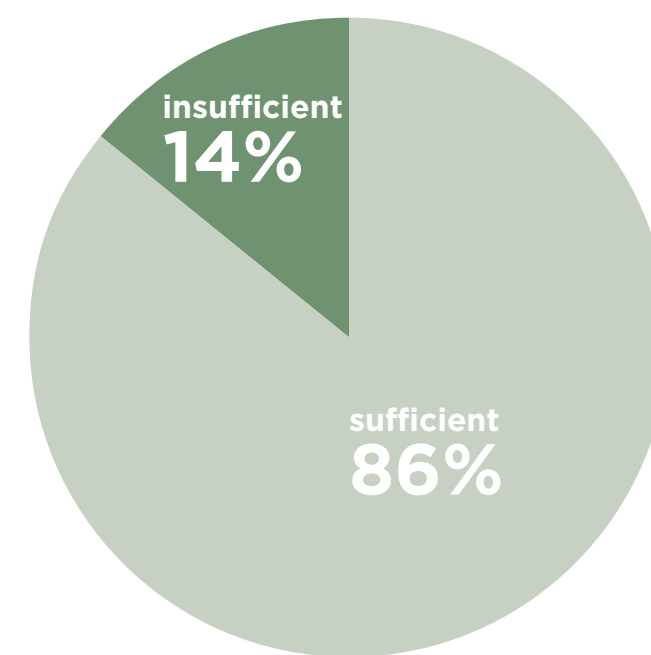
Note: data collection in 2020 was slightly later than usual (most visits in September-October), and if more time had elapsed on the farm since pruning season (often in February-June,) pruning results might appear worse than normal.

Scoring of Individual PRUNING components



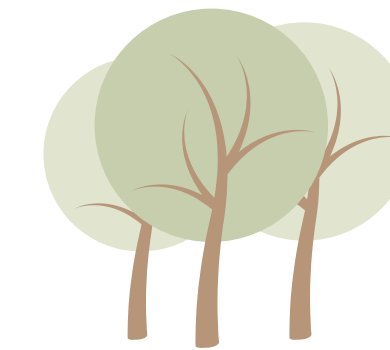
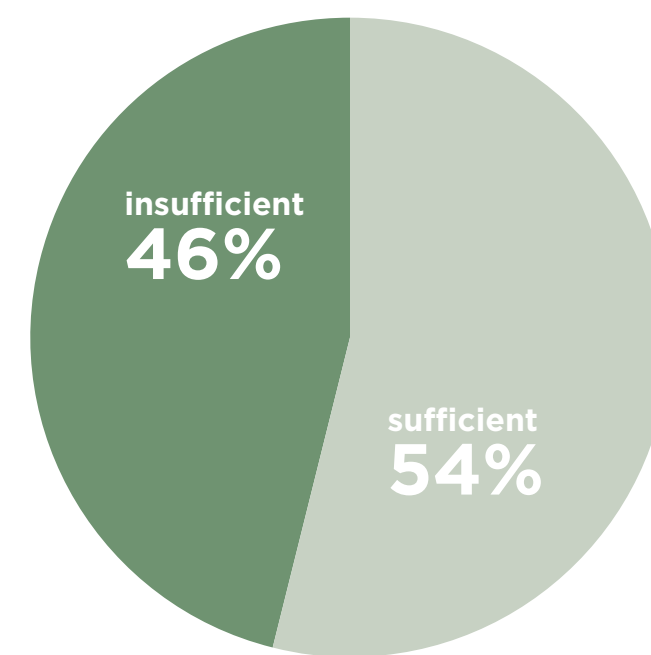
## GAP 2: PESTS & DISEASES

The Pest & Disease score is based on three plot observations of severity and one observation of pesticide use. The GAP adoption threshold here is possible with a score of no pest/diseases observed (28% of farmers observed) OR if the farmer is using pesticide (84% of farmers)



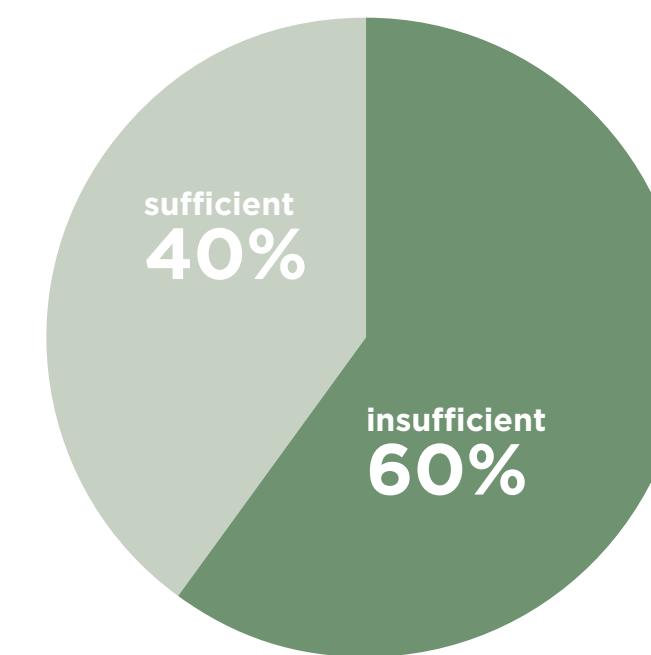
## GAP 3: WEEDING

The Weed Management score is based on three plot observations of the incidence and severity of weeds. The GAP adoption threshold here is possible only with a perfect score of few weeds observed.



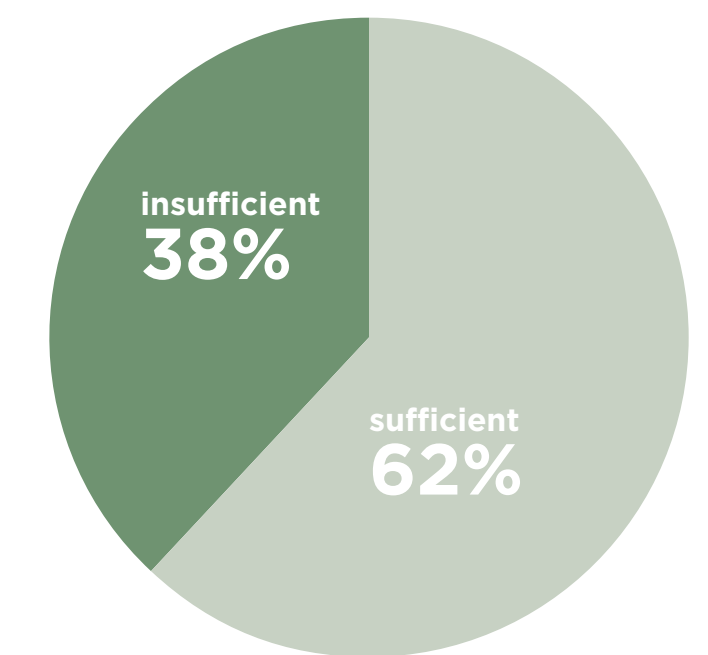
## GAP 4: SHADE MANAGEMENT

The Shade Management score is based on one observation of the cocoa plot. GAP adoption is given if farmers have high existing shade (>18 shade trees/hectare) OR if they have new shade planting (regardless of current condition).



## GAP 5: HARVEST MANAGEMENT

The Harvest Management score is based on three plot observations of the frequency of forgotten/overripe pods and scars on the trees. The GAP adoption threshold is any overall score better than average (better than 10 points out of 18 total)





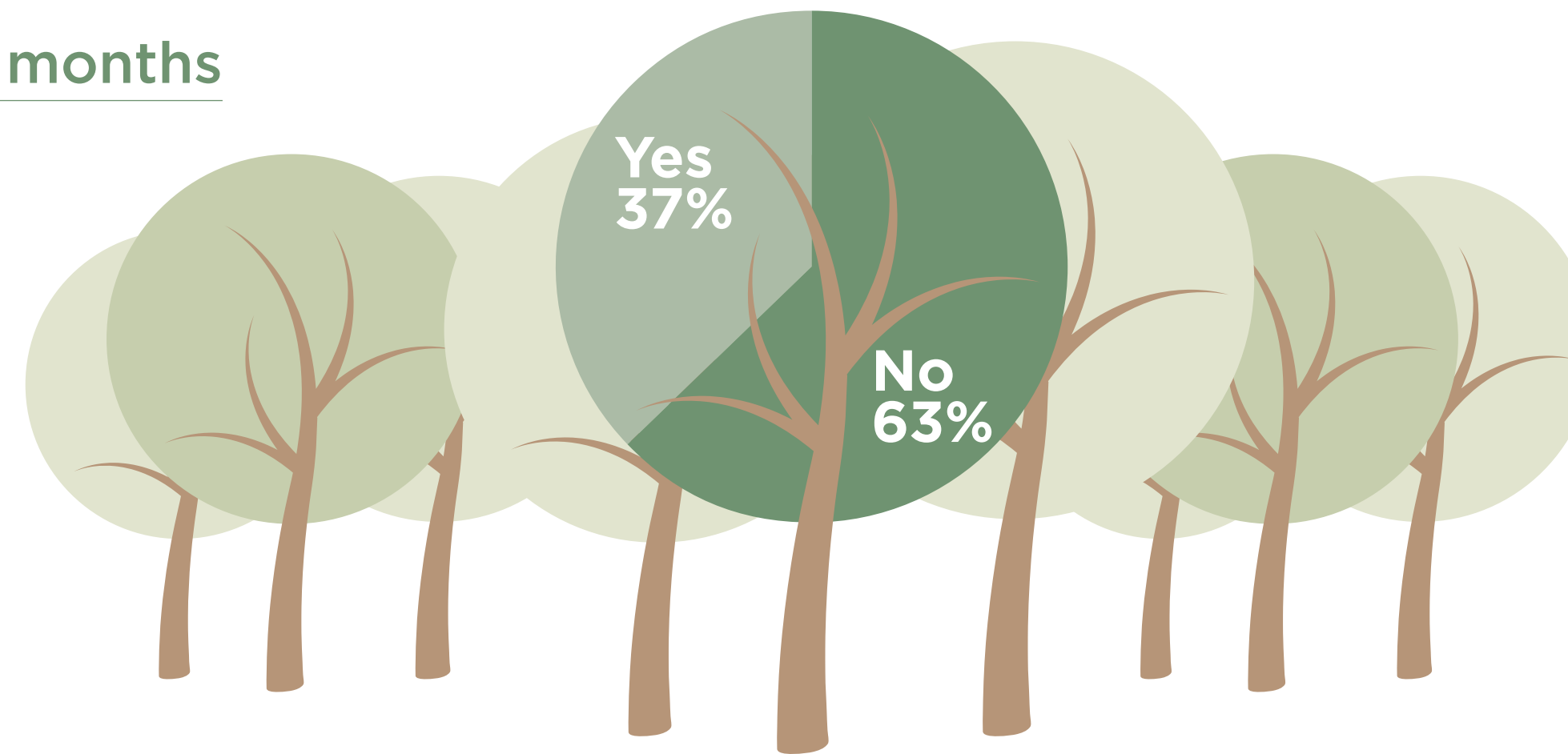
**Summary**

Shade tree cover is low, but with training and access to plantlets, over a third of farmers are planting new shade trees

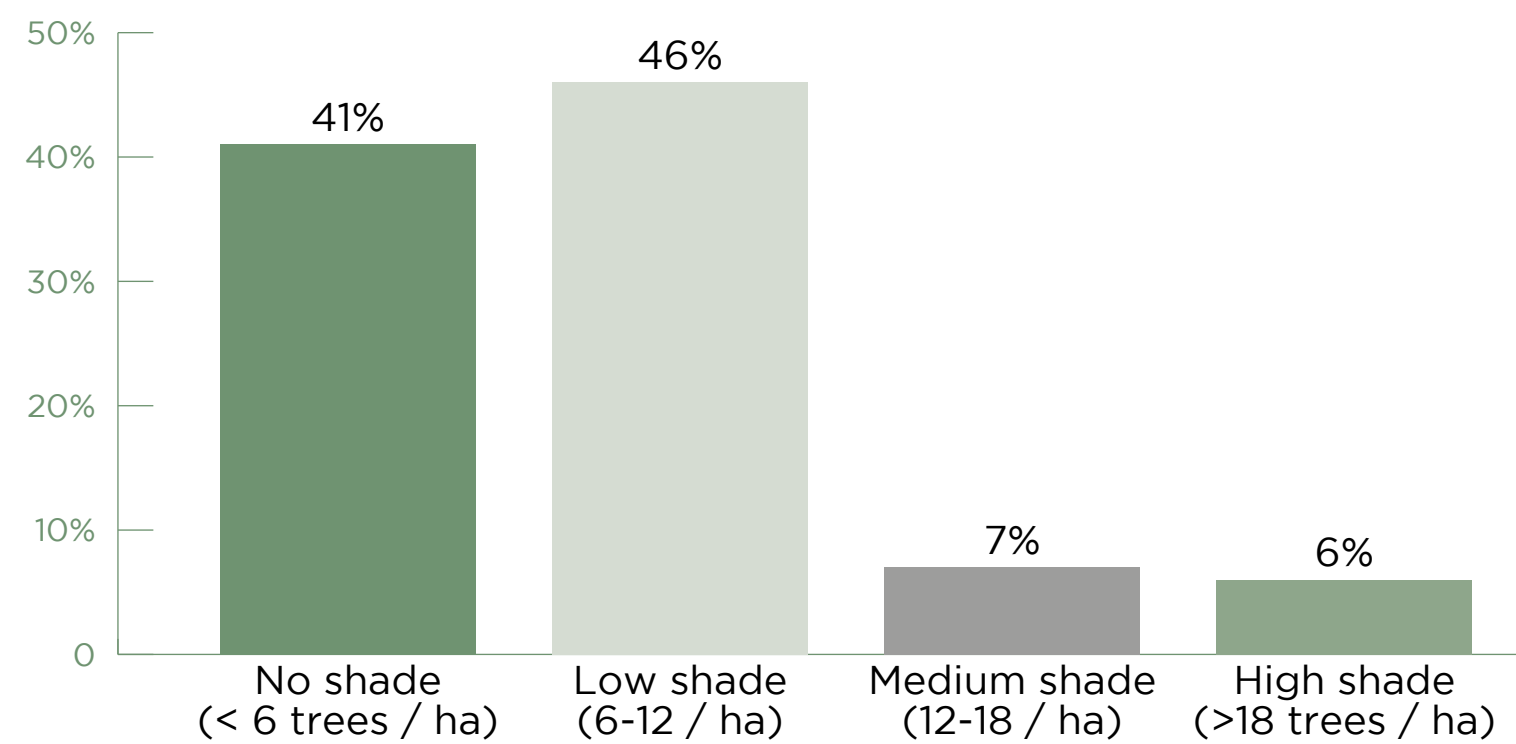
**Almost all these shade trees come from nurseries run by the coops funded by Nestlé**

**New shade planting last 12 months**

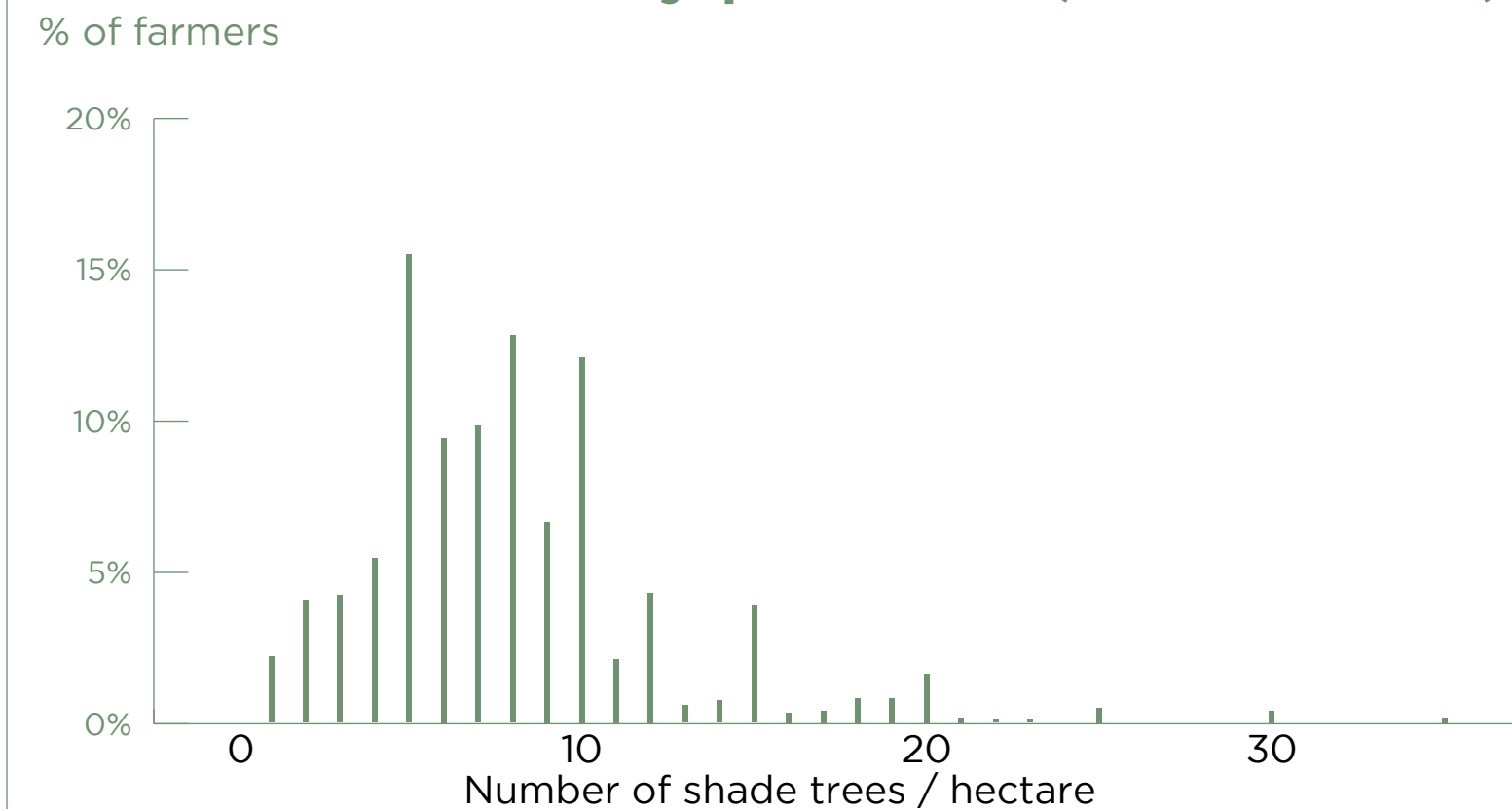
**20** new shade trees, of those who planted



**Shade tree density per farm (categories)**

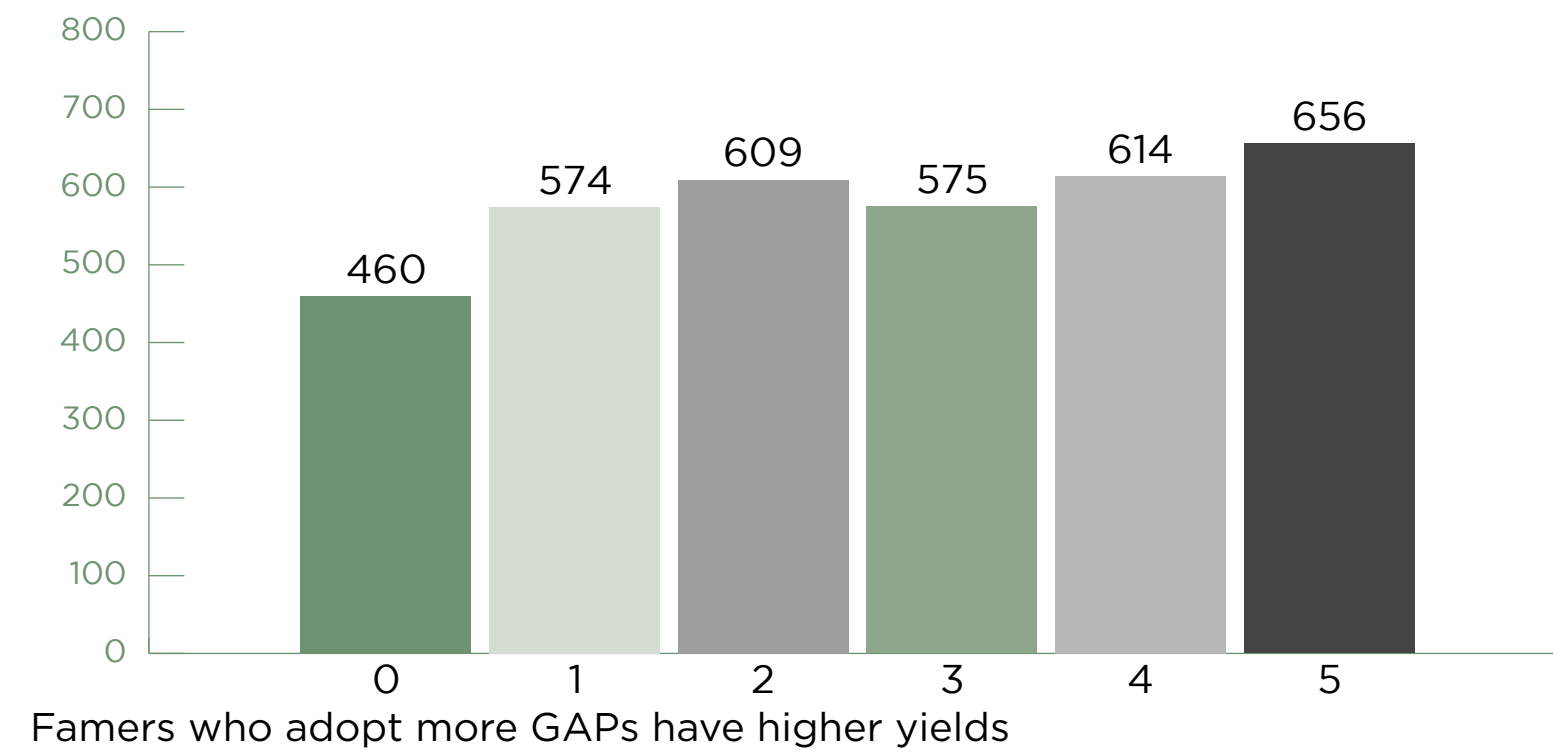


**Shade tree density per farm (distribution)**

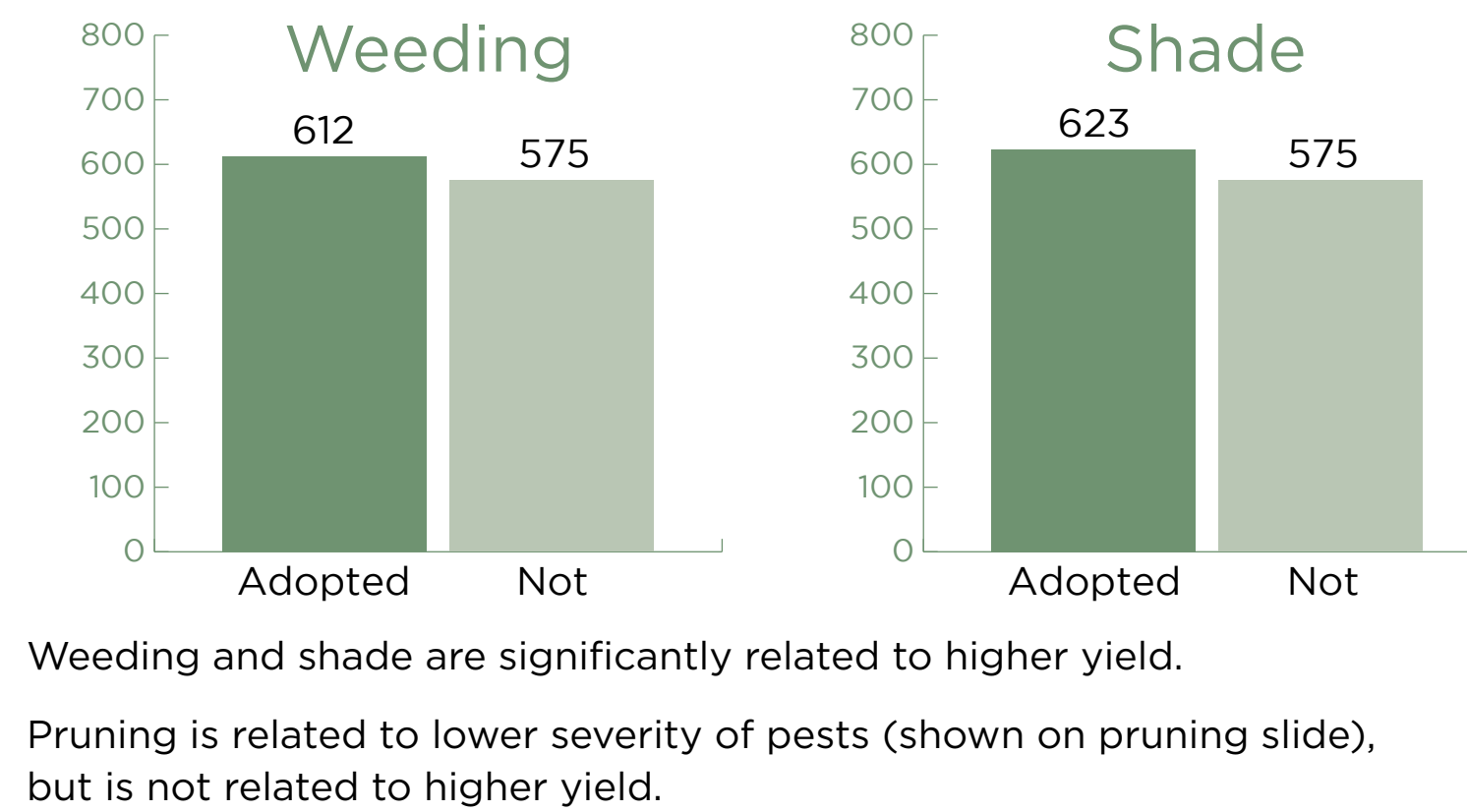




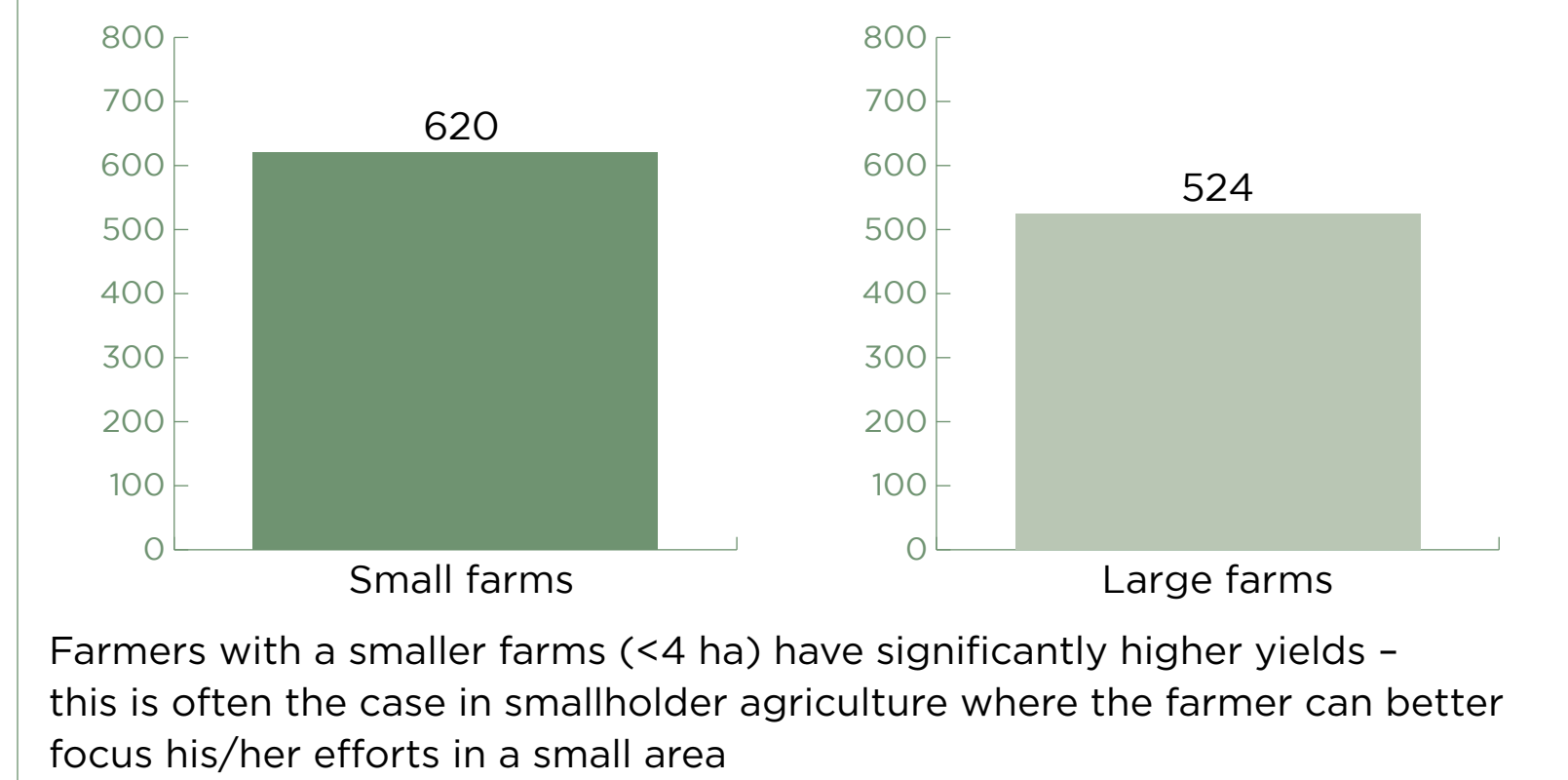
**Yield by number of GAPs adopted**



**Yield by GAP adoption**



**Yield for smaller and larger (>4 ha) farms**



**Training**

Statistical tests show that training is significantly related to higher adoption rates for these GAPs: pruning, pests & diseases, and shade









# TACKLING CHILD LABOR

In 2019, we released our second report on ‘Tackling Child Labor’, providing further insights into the progress made in the implementation of our Child Labor Monitoring and Remediation System (CLMRS) in Côte d’Ivoire. Our findings illustrate the deep-rooted nature of the issue, which goes far beyond our own supply chain. It also demonstrates the effectiveness of our system and our remediation and prevention activities, such as providing birth certificates and enabling access to education. The CLMRS means that Nestlé can assess

the magnitude of the risk of child labor in the supply chain, address these and report on our actions. The Tackling Child Labor report is part of our efforts to be as transparent as possible about the risk, the causes, the actions we take to address it and the challenges that remain. Our KPIs here are an update of the numbers in the report.

We are covering more farmers and children with our CLMRS. The system will continue to expand in the future in tandem with the roll out of Nestlé Cocoa Plan.

COVID-19 restrictions limited the remediation we could provide, but despite that we built or refurbished another four schools, continued bridge schools and village savings and loans associations (VSLAs). The community liaison people performed 97,000 household, farm or child follow-up visits during 2020 following the government’s COVID-19 rules. Over 91% of children at risk were followed up with two visits in the year.

The scope of the system increased in Ghana to 4,800 farmers and we have started reporting on progress with identifying and helping children.



We took up the suggestion by Amanda Berlan in our Tackling Child Labor report to seek children’s views and carried out this fieldwork in 2021. Once the results are analysed, we will publish the results.

The Rainforest Alliance survey gives some insight into the availability of adult labor services, which is critical in helping families move on from using children.

Activity KPIs	Country	2018	2019	2020
Number of co-op/farmer groups in Child Labor Monitoring and Remediation System (CLMRS)	Côte d’Ivoire	89	87	83
Number of farmers in CLMRS co-op	Côte d’Ivoire	67,074	73,248	79,021
Cumulative total of schools built or refurbished	Côte d’Ivoire	45	49	53
Cumulative total of bridge classes run	Côte d’Ivoire	55	98	131
Cumulative number of children benefiting from remediation activities (direct and indirect)	Côte d’Ivoire		87,925	127,550
Number of farmers in CLMRS	Ghana	2,859	2,859	4,876
Number and % of children benefiting from remediation activities (direct and indirect)	Ghana	n/a	1,107 / 78%	2,399 / 75%
<b>Outcome KPIs</b>				
Number and % of children identified in child labor	Côte d’Ivoire	17,590 / 21%	18,283 / 23%	15,933 / 18%
Number and % of child labor cases followed up/assisted	Côte d’Ivoire	11,130 / 63%	15,740 / 86%	14,154 / 89%
Number and % of children no longer in child labor (% expressed out of number of children with two or more visits)	Côte d’Ivoire	981 / 5.6%	2,459 / 29%	3,655 / 27%
Number and % of children Identified in child labor	Ghana	1,496 / 60%	1,416 / 58%	1,789 / 30%
Number and % of child labor cases followed up/assisted	Ghana	1,210 / 81%	668 / 60%	
Number and % of children no longer in child labor	Ghana	0	0	539 / 81%

**53**  
schools built or refurbished up to 2020



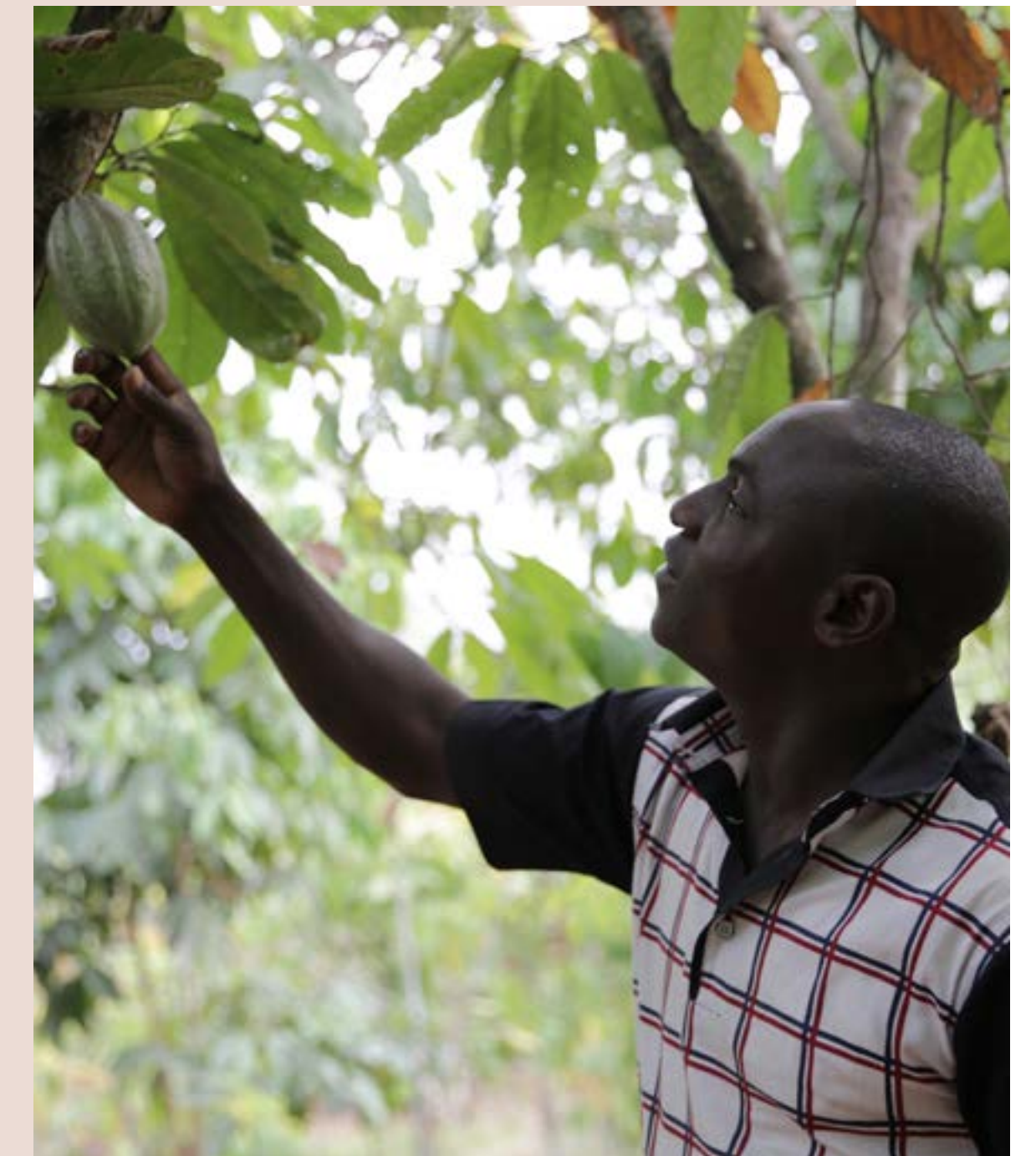
# HELPING COMMUNITIES SAVE



Many individuals, communities and villages in cocoa-growing areas find it difficult to save money. We are supporting efforts to help them through a community approach. The Village Savings and Loans Association (VSLA) scheme is aimed at women. It creates a mechanism for collective saving and pooling everyone's resources. It ensures that everyone can see how much money is paid into a secure box and how much is going out if someone needs assistance. At the end of each annual cycle, accumulated savings are distributed back to members with interest.

This helps communities save and provide support to individuals when needed, creating trust and bringing the community together. It also enables people to save for bigger purchases or to start their own businesses. Once trained, the communities can run the funds themselves, enabling the whole village to become more resilient.

Currently, 193 VSLA groups have been created for Nestlé Cocoa Plan farmers and their spouses, with between 15 and 25 people in each community association.



We also continued helping with alternative income generation. In Indonesia, five women's groups were created to produce local food products, while we continued with beekeeping in Côte d'Ivoire and exported the first production from the group.

**193**

VSLA groups created

**5**

VSLA groups in Indonesia



# EMPOWERING WOMEN TO INCREASE FARMER RESILIENCE

In the city of Vavoua, Côte d'Ivoire, we are supporting CAEED, a women-run cocoa farmer cooperative of 314 farmers. The farmer group has been participating in the Nestlé Cocoa Plan over the past two years and receives ongoing training in entrepreneurship, good agricultural practices and managing various crop businesses to diversify revenues.

Cocoa farming is a seasonal trade, which means diversifying incomes

is important for farmer families to thrive throughout the year. This is especially true during the cocoa low season in August and September, which coincides with farmers having to pay their childrens' annual school fees. One way we have helped with this challenge is by supporting CAEED in its launch of an egg farm in 2020, where farmers maintain approximately 1,000 chickens.

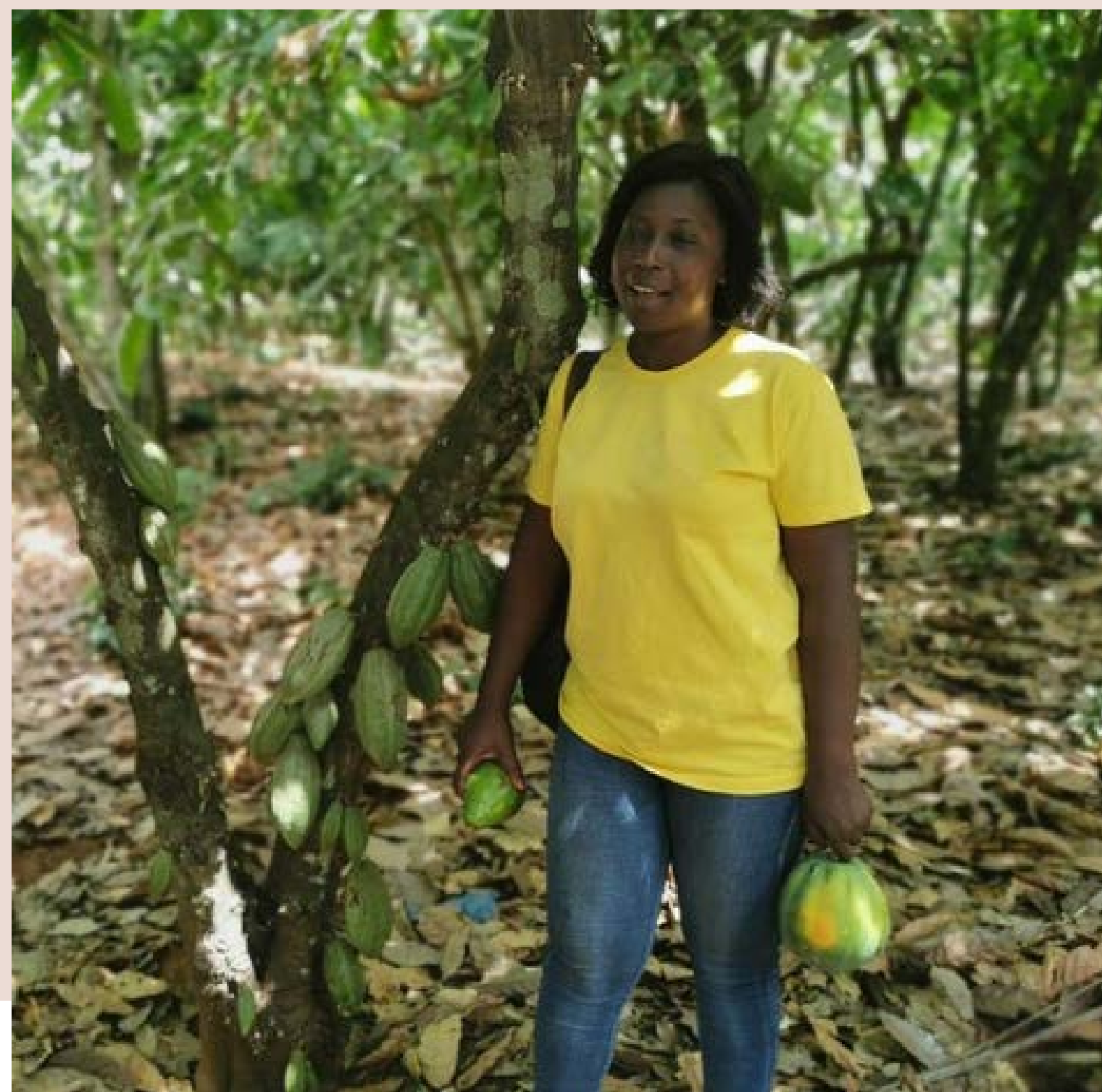
Empowering women to start other businesses is another important way we can support farmer resilience. Nestlé and our local partner ETG have supported CAEED to set up Village Savings & Loans Associations. Through collective saving, group members pool resources and provide each other with access to small loans to help them establish businesses and cover urgent household needs, such as school fees or food. Participating members also receive trainings on gender empowerment and household-decision making to promote gender equality and shared decision making.

Women-led entrepreneurship has unlocked both social and economic potential for many families and the CAEED community. Jacqueline, CAEED's chairwoman, describes the positive impact: "Thanks to the savings groups, women can now make a small investment in any business they are interested in, giving them more freedom and independence." Women have used the program to successfully scale up their business activities, increase the value of their product and take ownership of portions of land to support their development as cocoa producers.



“Through these initiatives, women have become more confident in their abilities and discover that they can achieve their goals, no matter who they are.”

Local CAEED project partner



**314**

women-led farmers at the CAEED cooperative

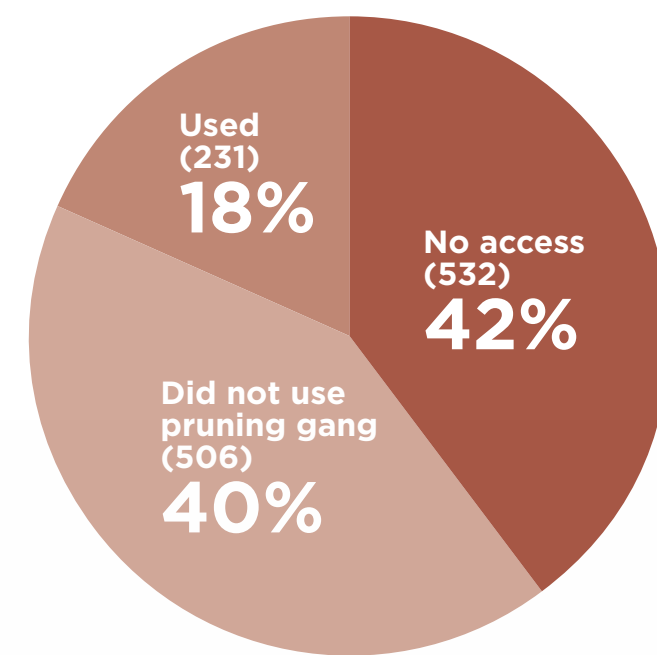


### Summary

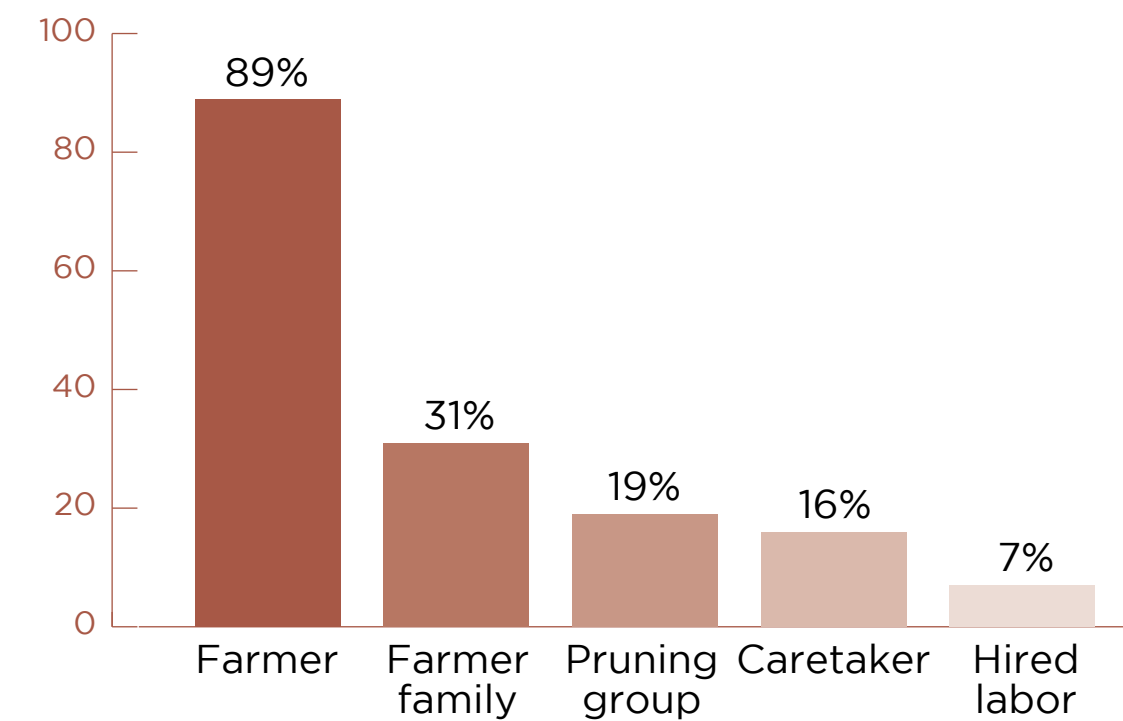
Most of the work is done by the farmer and family.

Farmers still do most of the pruning.

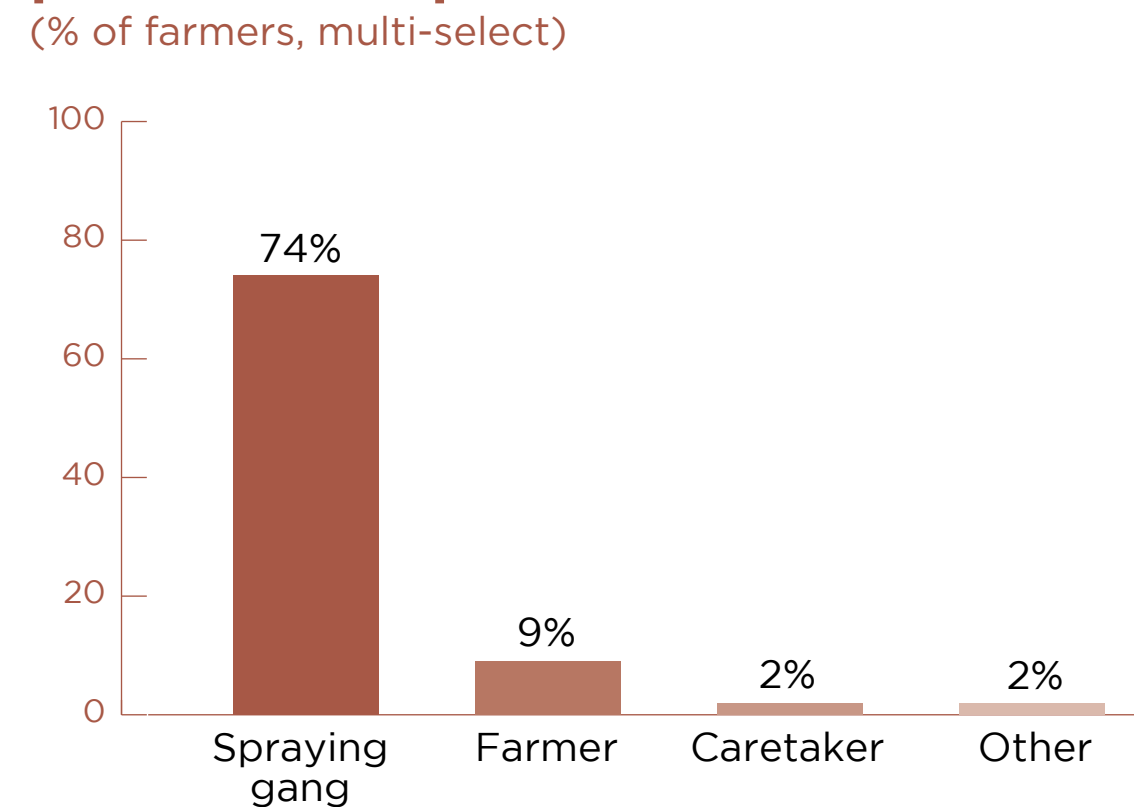
### Access to and use of pruning gang



### Who performs the pruning on the farm? (% of farmers, multi-select)



### Who applies the crop protection products? (% of farmers, multi-select)









# FARMER COOPERATIVES

Long-term relationships with farmer cooperatives are key to the Nestlé Cocoa Plan. It is vital that these cooperatives function well, in trading cocoa as well as providing services to their members and the communities they work in. Together with our suppliers, we help and train coops to manage their business better. We are happy that the average time co-ops in Côte d'Ivoire have been with us is now over six years, despite new co-ops joining and pulling down the average.

Activity KPIs	Country	2018	2019	2020
Volume of Nestlé Cocoa Plan cocoa (tons)	Global	198,155	183,361	202,890
Nestlé Cocoa Plan cocoa as % of total Nestlé cocoa	Global	49%	44%	46.5%
Outcome KPIs				
Average number of years co-op have partnered in Nestlé Cocoa Plan	Côte d'Ivoire		6	6.4

Cocoa tonnage increased to over 200,000 tonnes for the first time. Our commitment is to source 100% of our cocoa through the Nestlé Cocoa Plan by 2025.

## 200,000

tonnes of cocoa sourced through the Nestlé Cocoa Plan





# CERTIFICATION CHALLENGES

In 2020, some cooperatives failed certification audits as audit standards tightened and controls in those co-ops were not strong enough. We are helping these co-ops regain their certification during the current season.



Item (Costs in thousand CHF)	2018	2019	2020
Research and development, planting material distribution	6,105	6,614	3,971
Global cooperation, e.g. WCF CocoaAction	1,405	1,048	1,306
Other costs	346	230	228
CLMRS	4,860	3,350	3,658
Farmer cash premium	12,167	8,776	8,971
Co-op premium, certification, training and other costs	21,937	21,447	21,550
<b>Total</b>	<b>46,821</b>	<b>41,466</b>	<b>39,684</b>

Total costs showed a decline mainly driven by lower R&D cost allocated to cocoa in 2020.







## Perspectives for 2021 and beyond

### Focus on Living Income

We strongly believe cocoa farmers should earn an income that allows them to maintain a decent and adequate standard of living for them and their families.

We support efforts by the governments of Côte d'Ivoire and Ghana to improve the standards of living for cocoa farmers, including the introduction of the Living Income Differential (LID). We were one of the first companies to buy 2020/2021 cocoa with the LID and continue to buy cocoa with the LID premium.

We believe it can be a useful tool to complement our efforts to improve the lives of farmers and their communities through the Nestlé Cocoa Plan, as well as play a positive role for the sustainability of the cocoa sector and for our business.

In addition, to strengthen our work on Living Income, we are working with the Royal Tropical Institute in the Netherlands (KIT) to help us evaluate our work on Better Farming and assist more farmers to make a living income from cocoa as their primary activity. We intend to publish our first report this year.

In 2021, we kicked off an innovative living income pilot: it is designed to accelerate change at the farm, cooperative and household level. Using financial incentives, we will encourage behavior change that will steadily and sustainably deliver economic growth for cocoa farmers in Côte d'Ivoire. Incentivized actions include applying good agricultural practices, introducing alternative income streams, running a robust Child Labor Monitoring and Remediation System (CLMRS) program and planting forest and fruit trees.

Our focus on pruning continues with more groups being trained and equipped during 2021. We will continue to re-invigorate farmer training with the use of video and digital technology alongside traditional field sessions.

### Child labor and CLMRS performance

We will implement the CLMRS in all our sourcing from West Africa by 2025. We will also continue to extend the system to more farmers in Côte d'Ivoire and Ghana, innovate with our remediation and to continue to follow up with all of the children we have identified in child labor. We continue our focus on education with bridge schools, school kits and improving teaching quality.

### Protecting and restoring forests

We are accelerating our work, distributing more shade trees and following up on two agroforestry projects with PUR Projet. Agroforestry is one of the nature-based solutions we are deploying with the objective of transforming our supply chains in a way that makes them more resilient with a lower carbon footprint. This will help absorb more carbon, improve soil health and enhance biodiversity and will ultimately contribute to our 2050 net-zero pledge. We will also continue to work with the governments of Côte d'Ivoire and Ghana, our partners and other stakeholders to help protect and restore protected forests and promote sustainable cocoa and thriving communities.





[www.nestlecocoaplan.com](http://www.nestlecocoaplan.com)



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