

I. INTRODUCTION

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 <u>Cocoa & Forests Initiative (CFI)</u> – 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 <u>launched CFI</u> in March 2017 in London.

The Frameworks for Action for <u>Côte d'Ivoire</u> and <u>Ghana</u> define core commitments, verifiable actions, and timebound 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 (<u>Côte d'Ivoire</u>, <u>Ghana</u>) 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 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 2018-2022 to deliver the commitments set out in the Framework. Each company will decide for

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 Company, 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

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 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.²

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, and World Resources Institute.

II. WHAT ARE THE KEY COMMITMENTS IN CFI?

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

The 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, socioeconomic 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.

² The actions pending further information are marked "to be determined" in the initial company action plans

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. GODIVA'S OVERALL VISION FOR THE COCOA & FORESTS INITIATIVE

GODIVA aims to bring opportunity and hope to the world through responsible and sustainable growth. Our namesake, Lady GODIVA focused on doing what was right for her community and in doing so she continues to inspire us today. This spirit of commitment drives the responsibility we feel to improve the welfare and environment in the communities where we live and work.

For GODIVA, sustainability is a way of doing business. It's a promise we keep with every stakeholder: to do well by doing good. We strive to invest in programs and practices that lead to lasting positive outcomes for our consumers, partners and communities. We are proud of the work we do to support farmers and our partners to safeguard the environment.

As such, GODIVA joins other leading cocoa and chocolate companies to end deforestation and forest degradation in the global cocoa supply chain through the CFI.

Since GODIVA does not perform its own farming, our efforts to meet the CFI goals will be met primarily through our suppliers' agreement to these principals and compliance with our Code of Conduct, which requires, among other things, that vendors meet stringent environmental, sourcing, deforestation and agroforestry programs.

We are regularly working with our suppliers to explore other ways we can become more sustainable as we expand. To learn more about our efforts, visit the <u>GODIVA CARES</u> section of our website (<u>https://www.godiva.com/godiva_cares/godiva_cares.html</u>).

As recently announced, we have just entered into an agreement to sell select GODIVA assets to an independent investor. This transaction includes retail and distribution operations in four of GODIVA's 100+ markets: Japan, South Korea, Australia, and New Zealand, along with the production facility supplying these regions, located in Brussels, Belgium. We are working with our new partner to determine new ways of working together including discussions and alignment on sustainability initiatives.

IV. OVERVIEW OF GODIVA'S ACTION PLAN

GODIVA Chocolatiers' CFI action plan presents the company's key activities and priorities over the next five years to fulfill our CFI commitments. Since Godiva does not perform its own cocoa farming these activities are supported strategically and technically by our supply base partners and relevant vendors and/or affiliates. Please note that the activities and priorities outlined in the action plan align with the priorities developed in the CFI national implementation plans (<u>Côte d'Ivoire</u>, <u>Ghana</u>). These activities and priorities will be updated as activities progress and the relevant governments (Côte d'Ivoire, Ghana) provide requisite technical information and policy direction. As a result of these requisite government actions, a number of activities in GODIVA's initial action plans are listed as "to be determined." As a signatory company of the CFI framework, GODIVA will continue to actively engage with governments and relevant steering committees and working groups. The majority of this engagement will be facilitated through GODIVA's continued participation in the World Cocoa Foundation (WCF).

Please also note that since this is GODIVA's initial action plan there are actions identified as to be determined (TBD) that will be clarified after pertinent information is gathered and assessed. Any clarifications obtained will be captured in action plan updates.

Aggregated plans from the signatory companies to the CFI have been shared with the respective governments for feedback prior to being finalized and published to ensure overall alignment.

V. PRIMARY ACTIVITIES AND INVESTMENTS

Our CFI commitments include actions surrounding the following areas.

Forest Protection and Restoration

Supported technically by our supply-based partners, GODIVA will enable farm mapping and forest deforestation assessments within the direct supply chain to ensure cocoa is not being sourced from forest lands, national parks and reserves, or national forests.

In addition to preventing the sourcing of cocoa from protected forest areas through traceability and mapping GODIVA continues to require our ingredient suppliers have established sourcing programs that combat deforestation and degradation and incorporate appropriate agroforestry system as outlined in its previously updated supplier code of conduct.

Sustainable Production and Livelihoods

GODIVA supports sustainable practices and programs on a worldwide basis to increase farmer incomes and optimize agricultural production. To prevent further deforestation and increase sustainable production of cocoa and increase farmer income, GODIVA will continue to leverage our previously updated code of conduct that requires supply-based partners to provide improved planning materials, good agricultural practices training, and food crop diversification/mixed agroforestry systems.

Community Engagement and Social Inclusion

For many years GODIVA has participated in our supply-based partners Cocoa Horizons program. This program has been our preferred vehicle to improve livelihoods of cocoa farmers and their communities. This program promotes sustainable entrepreneurial farming, improved productivity and community development, all of which protect nature and children. These elements support farmers to lift themselves out of poverty, eradicate child labor and enable a deforestation free cocoa supply chain. The program also has specific elements focused on empowering women in cocoa farming communities to earn an income.

GODIVA will continue to evaluate the Cocoa Horizons Program as a strategic fit to our overall corporate social responsibility strategy and as our new business model solidifies appropriate investments will be made.