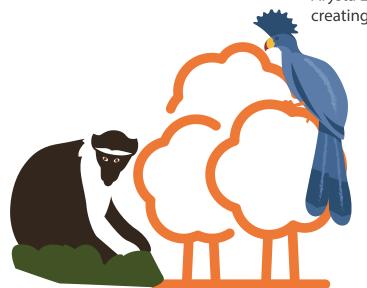




Arysta LifeScience is now part of UPL, creating a new leader in global agriculture



Cocoa & Forests Initiative: Arysta's Narrative, March 2019





. INTRODUCTION: THE COCOA & FORESTS INITIATIVE

The governments of Côte d'Ivoire and Ghana and the world's leading cocoa and chocolate companies <u>signed landmark agreements</u> 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

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





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 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

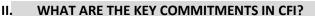
CFI has been supported by several global development partners, including the United Kingdom's Department for International Development, the Dutch Ministry of Foreign Affairs, the German Federal Ministry of Economic Cooperation and Development, the World Bank, the International Finance Corporation, the 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.

[&]amp; 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

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







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 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.





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

Arysta is now part of UPL, creating a new leader in global agriculture. The vision for New UPL is that it presents a huge opportunity to transform agriculture, enhance the lives of the farmers and grow the world's food supply sustainably.

The aim of Arysta services is to go towards a more responsible cocoa agriculture and towards more respect for producers working conditions and their environment. Our mission is to cultivate prosperity through advanced agriculture. We are a member of the World Cocoa Foundation since 2016 because we share the same vision for the cocoa value chain. Our objective is to share our expertise and technical know-how with the cocoa industry through this platform.

Arysta is focused on developing innovative solutions, to help its customers cultivate business growth.

We are promoting a modern agriculture, respectful of its farmers and their environment. Our investments in research and development for BioSolutions and on organic products are the best testimonies of this vision.

Since the beginning of their respective activities, Arysta subsidiaries in Ivory Coast (Callivoire) and in Ghana (Callighana) have acted as inputs and service providers for the development of agriculture and the welfare of rural populations. The solutions we provide are based on a farmer-centric approach. Initiatives such as tailor-made training programs, the set-up of demonstrations plots at farmer level, are some of the tools we use to convey good agricultural practices and promote income diversification at farm level. It is our role to provide concrete solutions to prevent the extension of new plantations on the forests of both Ghana and Ivory Coast.

By joining the Cocoa and Forest Initiative, we aim to act as technical partners, able to advise on agronomic choices and support cocoa industry companies to "produce more cocoa on less land" with the farmers. Our expertise in agronomy and our experience in driving sustainable agriculture projects is what our cocoa industry customers value most. That is why they chose to place us at the crossroads of many of their initiatives conducted on the ground. We are happy to share this knowledge through the C&FI platform today.





IV. PRIMARY ACTIVITIES OF ARYSTA AND INVESTMENTS

Following the vision of sustainable agriculture, we have developed specific programs and services to support the implementation of sustainable cocoa strategies of our partners of the cocoa industry.

Here are some examples of the innovative solutions Arysta has developed for its partners of the cocoa value chain to foster sustainability, improve farmer livelihood on his existing farm and as such, protect the forest and his surrounding environment:

- Design and monitoring of cocoa demonstration plots to facilitate the adoption of good agricultural practices;
- Design and monitoring of food crop demonstration plots to facilitate diversification of income;
- Set-up of rural service centers providing inputs and technical support at farmer level;
- Training of trainers and/or farmer communities on the conduct of food crop technical itineraries;
- Cocoa and food crop inputs credit for cooperatives and farmer unions;
- Launch of the first cocoa-specific biostimulant, allowing significant farmer income increase;
- Digital credit, savings and mobile payment solutions;
- Design and monitoring of cocoa farms development plans;
- Free Stewardship training programs for cooperatives spraying teams: « Applique Bien » in Ivory Coast and "N'Guso Papa" in Ghana

We will describe in detail two of these numerous activities that are representative of Arysta's role in the Cocoa and Forest Initiative:

Callivoire is currently working on a project of agroforestry and crop diversification around protected forests, paving the way towards a more sustainable cocoa value chain. The project is called "Cocoapreneurs".

The 'Cocoapreneurs' project runned with Cocoanect is a good example of innovation for improved farmer and forest resilience. It aims at the development of 5000 professional cocoa farmers or entrepreneurs (hence the name of 'cocoapreneurs') in Ivory Coast. Each of them will develop a specific farm development plan in which they will identify areas for improvement for their farm. For that, they have the choice to intensify their cocoa farm and/or incorporate diversification with other crops (like maize, rice, gombo, pepper and eggplant) and timber trees. Our team of agronomists supports them with training on good agriculture practices, smart and safe use of inputs, and state-of-the-art technical itineraries for





each of the selected crops. The farmers are also encouraged to professionalize of their activity with capacity building modules. As such, we allow farmers to make a step forward for their resilience and support an easier rehabilitation of the overaged cocoa orchards or touched by diseases such as the Cocoa Swollen Shoot.

Another example of innovation brought to the cocoa cooperatives is the digitalization of agro-inputs credit. The digitalization of money is key to reduce financial risks in remote areas, and its development is one of the objectives of the C&FI. When Cargill came to see Arysta (Callivoire) for an innovative solution for their cooperatives, we decided to go one step further and respond with a solution that could change the life of many. We involved our long-time partner *Advans* (microfinance institution) to develop a financial service that would allow the cooperatives to digitally monitor and control input credits given to farmers.

Cargill targeted 7 pilot farmer organizations to launch this innovative service this year in lvory Coast. Through the *bankarization* of the farmers and the development of a specific financial service, cooperatives now have a clear view and a total control on input credit (including cocoa and food crops inputs). They also have real-time monitoring of the reimbursement of their farmers, thus securing their financial situation. Farmers on their side open a digital saving account on which they can receive payment for their cocoa beans and certification premium. It is a great way for them to secure the use of cash and to encourage them to save money. We are targeting the opening of 3 000 farmer accounts and 50 cooperatives touched by 2022.

These actions are part of Arysta's desire to invest more long-term resources in the cocoa sector.





