



Annual Progress Report – Cocoa and Forests Initiative - Marks & Spencer

1. WHAT IS 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 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), in partnership with the Governments of Côte d'Ivoire and Ghana. The Prince of Wales [launched CFI](#) in March 2017 and reviewed implementation progress in November 2018.

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 Governments of Côte d'Ivoire and Ghana establish national strategies, policy environments, and governance structures for CFI implementation. They ensure that CFI is linked to similar initiatives with other commodities, and fully aligned with the national REDD+ strategies 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 public sector priorities, actions and timelines. Since 2017, both governments have fulfilled commitments on the key building blocks for successful CFI implementation, including important revisions to the legal framework for sustainable forest management, adoption of World Bank environmental and social safeguard standards, and preparation and sharing of up-to-date boundary maps of protected areas.

In March 2019, 34 CFI signatory companies¹, accounting for about 85% of global cocoa usage, released initial action plans for 2018-2022. These initial plans detail how the private sector will support the Framework objectives, based on their role in the supply chain, their strategic priorities, and their cocoa sustainability goals. WCF published a summary of the initial action plans for the cocoa and chocolate industry ([Côte d'Ivoire](#), [Ghana](#)).

On the 2020 International Day of Forests, the Cocoa & Forests Initiative companies and governments of Côte d'Ivoire and Ghana reported on the first year of implementation). 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, Amsterdam Declaration Partnership, Partnerships for Forests, the Rainforest Alliance, and World Resources Institute.

The industry is committed to ending deforestation and forest degradation throughout the global supply chain. Already in 2018, CFI expanded from West Africa to Latin America, with the signing of a new Framework of Action in Colombia in July 2018.

2. WHAT ARE THE KEY COMMITMENTS IN THE COCOA & FORESTS INITIATIVE?

Cocoa & Forests Initiative activities proceed from three priorities: (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. In 2019, the government of

¹ Arysta Callivoire, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa and Chocolate, Cémoi, Chocolats Halba, Cococonnect, Cococo Chocolatiers, ECOM Group, Fazer, Ferrero, General Mills Inc., Godiva Chocolatier Inc., Guittard Chocolate Company, The Hershey Company, Indreza, Kuapa Kokoo Lindt & Sprüngli Group, Marks & Spencer Food, Mars Wrigley Confectionery, Meiji Co. Ltd., Mondelez International, Nestlé, Olam Cocoa, PBC Limited, Sainsbury's, SIAT, Sucden, Tesco, Toms Group, Touton, Unilever, Valrhona, and J.H. Whittaker & Sons

Côte d'Ivoire adopted and published a new forest code which, among other things, put forth policies for the promotion of cocoa agroforestry to restore degraded land, improve forest cover, and promote sustainable livelihoods and agriculture in the classified forests and rural zones. The Ivorian government is currently finalizing the operational decrees that provide further guidance on the new forest policies. Both governments have shared maps on forest cover and land-use, and are currently updating the maps, including socio-economic data on cocoa farmers, which will further inform private sector investments.

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 are accelerating 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 are being accelerated through food crop diversification, agricultural inter-cropping, and development of mixed agroforestry 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. 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 have adopted social and environmental safeguards are assessing and mitigating 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. RETAILER COCOA COLLABORATION UPDATE

In 2018 a group of retailers, in conversation with the World Cocoa Foundation, established the Retailers’ Cocoa Collaboration (RCC). Retail signatories of Cocoa & Forests Initiative recognised that the most effective role they can play in supporting the end deforestation

and promotion of forest restoration is by working with other retailers to engage trading partners in supply chains.

The aim of this pre-competitive group is to support existing industry efforts to drive improvements in the cocoa sector and, in doing so, better define the role of the retailer in this space. By taking a collaborative approach, the RCC enables retailers to develop the most efficient and effective model supporting change within the sector by engaging Traders in meaningful dialogue and minimising duplication of effort. Membership of the RCC has now grown to nine retailers.

The RCC has agreed that an appropriate first step is to develop a robust process for engaging and assessing the major traders of cocoa regarding progress against their own sustainable cocoa policies, commitments and practices. In 2019 the group developed a scorecard with input from the CFI. The content of the scorecard is aligned with the CFI Pillars and to some extent goes beyond them, in covering five major areas of sustainability: forest protection, restoration and land use; climate change; child and forced labour; gender equality; and farmer incomes. The scorecard was pre-populated with publicly available information and sent to five traders for them to verify and add further information. RCC members are discussing the initial findings with each trader independently, each of whom will then receive a summary report of their own assessment results.

Alignment with the three CFI pillars:

1. **Forest Protection and Restoration.** The 2019 RCC Trader Scorecard included a section dedicated to forest protection, restoration and land use. The questions included the traders' commitments to achieve zero deforestation in their cocoa supply chain, their target date for doing so, progress on the commitment and how that progress is verified. It also included specific questions about on-the-ground investments such as mapping cocoa farms, implementation of actions against cocoa sourcing from protected areas, and efforts to promote reforestation. Year 1 of the assessment found differences between traders in the scope of their deforestation commitments and the target dates for achieving zero deforestation.
2. **Sustainable Production and Farmers' Livelihoods.** The RCC Trader Assessment included a section dedicated to labour practices and income, with questions relevant to sustainable production embedded throughout the Scorecard. Questions included whether traders' have a commitment to improve cocoa farmers' incomes, whether they monitor farmers' income, the proportion of farmers in their supply chains obtaining a Living Income, Traders' investments in farmers' livelihoods, training on Good Agricultural Practices, and how progress against these ambitions is verified. Findings included that although measuring the income of farmers is challenging, several traders do monitor it in some or all of their sourcing geographies and are also able to report changes in farmer incomes over time.

3. **Community Engagement and Social Inclusion.** A specific focus of the RCC Trader Assessment is gender equity. The scorecard included questions on Traders' commitments, the number of registered women farmers within their supply chain, the proportion of producer organisations with women in leadership roles and how progress against their commitments was verified. One of the five traders has signed the UN Women's Empowerment Principles and publicly reports on progress; three of the traders assessed were able to share data on the number of registered women farmers within their supply chains, and one reported on the level of women's leadership in producer groups.

4. MARKS& SPENCER SPECIFIC COCOA & FORESTS INITIATIVE ACTIONS

Marks and Spencer has had a responsible sourcing programme for cocoa since 2011 and by March 2017 100% of the cocoa used in M&S own label products from confectionery through to deserts through to drinks is 100% responsibly sourced using the following schemes Utz/ Rainforest Alliance, Cocoa Horizons and Fairtrade.

We run a cocoa 'A list' which means our manufacturing suppliers can only buy chocolate & cocoa from certain manufacturers all of whom are signatories of the Cocoa and Forests Initiative and have their own comprehensive action plans. (Cargill, Barry Callebaut & Olam). As well as our work with the Retailer Cocoa Collaboration we work directly on sustainability issues with these key suppliers.

5. LOOKING FORWARD TO 2020 AND BEYOND

The Retail Cocoa Collaboration's workplan for 2020 is to:

1. Engage traders directly on the outcome of the year 1 assessment.
2. Provide traders assessed in year 1 with summary feedback on their performance against anonymised peers.
3. Following finalisation of the year 1 assessment, retailers will independently determine any next steps for their supply chains.
4. Review year 1 assessment, process and method to inform improvements for year 2 assessment.
5. Initiate year 2 assessment and as part of this consider expanding the assessment to include more traders.

Beyond 2020, the RCC expects to continue its engagement with traders. It will also agree an approach to expanding its membership and will consider the appropriate ways of

making its work more publicly recognised. It will continue to consult closely with the CFI as the group evolves.

ANNEX 1: 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.