

No Deforestation Policy & Action Plan



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1. Introduction and commitment

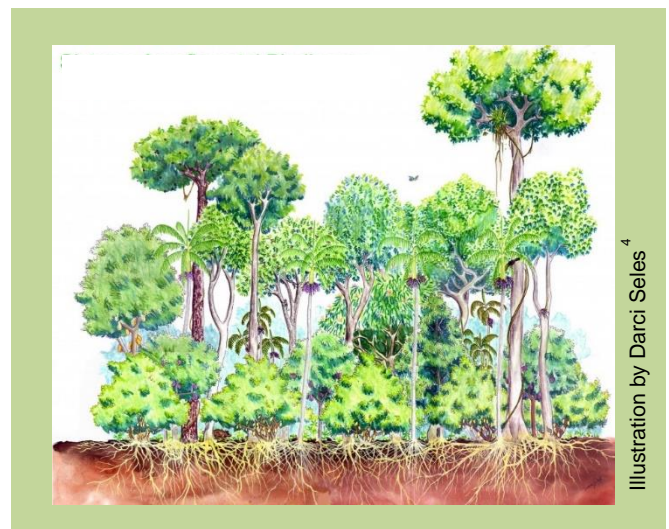
In our corporate strategy, we have set ourselves the goal of promoting biodiversity, climate protection and adaptation to climate change in our value chains, and of avoiding deforestation and forest degradation. In our Guideline on Sustainable Sourcing¹, we commit our business partners to compliance with the basic principles of the Accountability Framework Initiative² in relation to No Deforestation and No Conversion. The cutoff date³ is 31 December 2015.

As a member of the Cocoa & Forests Initiative (CFI) of the World Cocoa Foundation, we support the Initiative's goals of ending the conversion of forest land for cocoa production, protecting and restoring forests and securing the livelihoods of cocoa farmers on a sustainable basis.

On the basis of our sustainability strategy, we have developed an action plan for forest conservation and reforestation in our cocoa value chains. A central component of this action plan is the promotion of dynamic agroforestry among our cocoa producers. This holistic approach replicates cocoa's original rainforest home. Cocoa is grown in combination with crops such as maize, beans, manioc (cassava), bananas or mangoes, and with high-quality hardwoods. With dynamic agroforestry, land is reforested, more can be produced on less land, and farmers no longer move to new forest land.

Main principles of a Dynamic Agroforestry System

- High biodiversity, abundance of different native tree species
- High energy flow in terms of biomass without the need for using external fertilizers or pesticides
- High species density with different life cycles and occupation of different strata (minimum 3)
- Plant communities fulfilling different purposes (CO₂, income sources, food, ecosystem services, etc.)
- Optimisation of the overall system rather than maximising the yield of individual crops
- Requires constant farm management, such as pruning and selective weeding considering natural regeneration
- Application of the principle of natural succession of species and regenerative practices
- No burning



Detailed information about dynamic agroforestry can be found in our agroforestry policy.

¹ Guideline Sustainable Sourcing EN (actions-not-words.ch)

² <https://accountability-framework.org>

³ Cutoff Date: Date after which a given area or production unit may no longer be deforested or converted.

⁴ Illustration by Darci Seles for the "Agroforestry Teaching Materials" prepared by the Universidade federal do Acre based on the work of Ernst Götsch. Available at: <http://agrofloresta.net/educacao-agrofloresta/sistema-agrofloresta-sucessional-biodiverso/gravuras-agroflorestais>

2. Goals

With the action plan we aim to achieve the following goals:

- 1) No sourcing of cocoa beans from protected areas
- 2) No expansion of land used for cocoa cultivation into areas defined by the High Carbon Stock Approach or equivalent
- 3) Establishment of dynamic agroforestry systems for cocoa production
- 4) Support for forest protection and restoration

Our activities go beyond the current focus of the CFI on Ghana, Côte d'Ivoire and Colombia, aiming to cover our cocoa supply chains in their entirety.

3. Scope

This policy was formulated specifically for the cocoa sector because in Switzerland cocoa is the raw material that contributes by far the most to deforestation and degradation of forests worldwide.⁵ However, we have identified 15 other raw materials whose procurement should be considered in a particularly critical light in terms of environmental and social impacts and shall be paying particular attention to these critical raw materials. The raw materials in question include coconut fat, cashew nuts, mangoes and soya (soya lecithin is used as an emulsifier in very small quantities in chocolate).

4. Action plan

4.1 Certification, traceability and strengthening of cooperatives

Ensuring that no cocoa comes from protected areas and that no new areas of forest are cleared for cultivation.

Activity	Description
Transparency in the value chain down to the level of primary producers or primary producer groups	We source defined critical raw materials ⁶ exclusively from suppliers who transparently disclose their value chain down to the level of the primary producer or primary producer group.
Direct value chains	Wherever possible and where it makes sense in terms of volumes, we avoid middlemen and buy our raw materials directly.
Certification	We source exclusively ⁷ Fairtrade (FT) certified cocoa beans and cocoa butter, thus promoting traceability and strengthening cooperatives with the FT premiums. In addition, the FT standard includes clear requirements on conservation of protected areas, protection of forests and biodiversity, and on deforestation and forest degradation. ⁸
Farm-mapping in addition to certification	We carry out farm-mapping of all producers in Ghana, Ecuador and Madagascar and ensure that their cocoa does not come from intact forests, protected areas or areas defined as High Carbon Stock (HCS) ⁹ or equivalent.

⁵ Dr Steve Jennings and Caitlin McCormack (3Keel), Romain Deveze (WWF Switzerland): Imported deforestation. Understanding Switzerland's overseas footprint for forest-risk commodities, December 2020.

⁶ Cocoa, coconut fat, palm fat, soya lecithin, hazelnuts, almonds, cashews, quinoa, beans, sesame seeds, sultanas, apricots, mangos, milk, eggs

⁷ Small quantities from small cooperatives for which certification is not yet worthwhile are not yet Fairtrade-certified. However, the same conditions apply to these as to Fairtrade-certified cooperatives.

⁸ See Fairtrade Standard for Small-Scale Producer Organizations, pp. 28-29. Link: https://files.fairtrade.net/standards/SPO_EN.pdf

⁹ The High Carbon Stock Approach (HCSA) is a method that draws a distinction between protective forest areas (including areas with High Conservation Value (HCV)) and degraded areas with low carbon status and biodiversity value which can be developed. In procurement sectors where

Verification of the legality of farm locations in addition to certification	Farm locations/polygons are compared with official maps of protected forests and the legality of the operations at those locations is checked in relation to protected forests.
Measures based on Fairtrade inspection and farm mapping	<ul style="list-style-type: none"> – Farmers who are already members of the cooperative: – If the legality check reveals problems, these are reported and resolved together with the relevant local authorities/institutions and the farmers. All farmers are informed that they must notify the cooperative's Extension Service when they expand their farms so that mapping of the farms can be carried out with subsequent verification of their legality and, if necessary, so that expansion into forests can be avoided. If internal monitoring or external verification reveals that farms are expanding into forests without notifying the cooperative, they will be excluded from the cooperative. – Farmers who are not yet members of the cooperative: If the legality check reveals problems, farmers will not be allowed to become members of the cooperative.

4.2 Training and investment

Income enhancement and diversification, reduction of pressure on existing forests, establishment of dynamic agroforestry systems and protection and restoration of forests.

Activity	Description
Income enhancement and diversification	In all of our relevant countries of origin we support and/or implement agroforestry projects aimed at diversifying income, increasing productivity and improving profitability.
Training in dynamic agroforestry systems	In all countries where cocoa is sourced directly (incl. Ghana), we have supported training in dynamic agroforestry aimed at increasing biodiversity, climate protection and adaptation to climate change.
Planting material	<ul style="list-style-type: none"> – In those countries where we are able to source cocoa directly (incl. Ghana), we support our cocoa producers with planting material for the implementation of dynamic agroforestry aimed at increasing biodiversity, climate protection and adaptation to climate change. By 2025, as part of dynamic agroforestry projects, 400 hectares of land in Ghana, 300 hectares in Ecuador, 100 hectares in Madagascar, 80 hectares in Honduras and 60 hectares in the Dominican Republic will be cultivated using this method and reforested accordingly. – We support our cocoa producers in Peru and Honduras with planting material for the reforestation of degraded areas. The CO2 stored in this way is certified and we buy the CO2 certificates.
Organic farming	We support our producers in converting to organic farming.
Landscape approach pilot project	Between now and 2025, we shall be launching a pilot project with our partner cooperative in Ghana for the implementation of a landscape approach.

HCS/HCV areas have yet to be defined, we shall work with local partners to find out where we need to place our focus. Link: <http://highcarbonstock.org/>

4.3 Verification and continuous progress

Ensuring that our plan is implemented and our activities are continuously improved in order to achieve the objectives we are aiming for.

Activity	Description
Fairtrade inspection	The FT requirements on conservation of protected areas, protection of forests and biodiversity, and on deforestation and forest degradation are reviewed annually as part of the Fairtrade audits.
Internal performance review	The implementation of this action plan is reviewed during annual site visits.
External performance review	<ul style="list-style-type: none"> – In Ghana and Ecuador, the implementation of the action plan – in particular afforestation as part of the agroforestry activities – is reviewed by external project partners within the framework of Gold Standard (GS) monitoring and verification annually or every five years from the start of the project for a period of 30 years. – In Madagascar, the implementation of this action plan is reviewed annually by our partner organization, the World Conservation Society (WCS) – In the Dominican Republic, implementation of the measures is monitored by the International Trade Centre (ITC). – For Honduras, the implementation of this action plan will be verified by external project partners within the GS framework and for Peru by the Verified Carbon Standard (VCS) and the Forest Stewardship Council (FSC) every five years from the start of the project for a period of 20-30 years.
Continuous progress	Based on monitoring and lessons learned from all projects, we continuously review how the action plan can be improved and expanded.