



TOUTON



Communication on Progress 2020



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Dear stakeholders,

2020 will no doubt go down in history as a year that shook the foundations of our social and business models.

At a time where agri-businesses around the world are coming together to discuss the fundamentals of a Living Income, where regulators are considering the merits of mandatory Due Diligence requirements, the Covid-19 pandemic has worked as a harsh reminder of the growing need to address global issues collectively and collaboratively.

Along with peers, we aim to stay the course. To continue delivering quality products to customers around the world while maintaining our duty of care towards our staff, partner farmers and stakeholders. Climate change impact, social unrest, political tensions, and of course risks linked to health crises affect partners differently depending on where they live and work.

This year has highlighted again the need to ensure we respond to challenges in a way that is ground-truthed.

We continue to uphold our shareholders' commitment to sustainability through our engagement to the United Nations Global Compact. We support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption, and pledge to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

Our Communication on Progress provides an overview of the actions we are undertaking to continue to improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication

There is no doubt that 2021 will bring both great opportunities as well as new challenges. We shall continue to work towards our strategic and sustainability objectives resolutely.

A handwritten signature in blue ink, reading "P. de Boussac". The signature is fluid and cursive, with a large initial "P" and a stylized "de Boussac".

Patrick de Boussac
Touton CEO

Key figures 2020



Touton relies on the hard work and expertise of a large variety of implementing partners. We particularly wish to thank each and every one of them for their commitment and resilience in this year's difficult circumstances. The work they carry out to support remote communities is challenging in the best of times but we commend their thoughtful response and adaptability in the face of the Covid-19 pandemic.

Understanding our Supply Chains

Each year we assess and re-evaluate risks in our supply chains. In 2020 we uphauled our CSR risk mapping tools in line with French legislation. This exercise also allows us to steer our sustainability activities.

In 2020, our risk matrix analysis shows climate change impact as our highest risk, followed by societal, and social risks.

- **Climate change impact & energy:** The first priority is the protection and restoration of the forest. To this end, the Touton group is committed to gradually eliminating supply in protected areas, in close collaboration with the competent authorities in the countries concerned. In order to do so we are working on holistic programmes that address environmentally responsible commodity production systems (including agro-forestry) as well as farmers' socio-economic resilience.
- **Societal challenges & supplier management:** Supplier management and support can represent a significant reputational risk for the group. Beyond our customers, other stakeholders such as our financial partners for example are increasingly sensitive to the evaluation of our management system for environmental and social issues. We carry out annual evaluations of Touton's main suppliers through a questionnaire. We have revised our Supplier Code of Conduct and worked on the implementation of a compliance tool to improve the due diligence screening of third parties and identify the persons and the entities under international sanctions, sanctions by a local authority, adverse media, politically exposed persons,...
- **Social risk - Workplace safety and health:** We adhere to strict standards both within our direct business operations and in the areas where we source commodities. The risk of pandemics, which was already identified in our matrix, has been reassessed.

As a signatory of different sectorial initiatives, Touton participates in several multi-stakeholder and sectoral platforms to share the company's knowledge and exchange on the best practices co-developed by each sector.

We are exchanging with peers and participating in regular meetings to feed-in to ongoing discussions on harmonized Due Diligence requirements at EU level, notably through the recently launched Multistakeholder Dialogue on Sustainable Cocoa.

- Yearly review of our Risk Assessment Matrix and KPI performance in our Supply-Chains and Business Operations

Protecting Human Rights

The respect of core human rights, including the protection of children and non-discrimination based on gender or race, cuts across all our programmes.

Our Code of Ethics provides for a mechanism to ensure we act in full respect of human rights and national regulations in countries where we source our products.

Each Group company is responsible for implementing this Code, subject to the constraints and specifics of its activity or geographical location. The Code must be incorporated into the rules of procedure in each company and displayed on the premises. Compliance with, and application of the rules contained in the Code, are binding on all employees. In the event of non-compliance with the Code, disciplinary sanctions may be imposed by the Managers of the company concerned or the Group's General Management.

Addressing smallholders' livelihoods

While we continue to work with farmers on additional income generating activities, through crop diversification as well as agri-service-related activities, we increasingly engage with peers on the question of living income. In 2020 we became members of the Alliance for Living Income in Cocoa (ALICO). We also worked closely with the European Cocoa Association (ECA) on developing an industry position on Living Income as well as with the Sustainable Vanilla Initiative. We are currently assessing how to capture relevant metrics in our own sustainability activities against existing methodologies (such as the Anker methodology).

Empowering Women

Strengthening the role of women in supply chains represents an effective lever to increase households' well-being and children's protection.

We continue to work hand-in-hand with women farmers and farmers' wives on programmes that address socio-economic resilience, nutritional diversity and women empowerment. However, we are now working on making activities more gender smart, notably in-line with findings from experts such as KIT (the Dutch Royal Tropical Institute) and LadyAgri, an NGO that strives to empower and coach women entrepreneurs.

- Over 65 500 farmers trained in Good Agri, Environmental, and Social Practices
- By 2022 we aim to reach over 5000 parents on positive parental techniques, indirectly benefitting more than 15 000 children in Côte d'Ivoire





Protection of Children

In 2018 we entered into a partnership with the Jacobs Foundation and Bernard van Leer Foundation as part of their TRECC (Transforming Education in Cocoa Communities) programme in Côte d'Ivoire. After a successful pilot project conducted in 3 communities with the IRC (International Rescue Committee) 'Families Make the Difference' approach, the project has now been scaled up to reach over 5000 parents and more than 15 000 children in 25 communities.

In 2020, we also enthusiastically signed up to the new CLEF & ELAN partnerships launched by the Jacobs Foundation and other outstanding foundations with the Ivorian Government and private sector actors.

The Child Learning and Education Facility (CLEF), aims to reach 5 million children and 10 million parents in cocoa growing areas and beyond, focusing on access to quality primary education. The Early Learning and Nutrition Facility (ELAN), is designed to reach 1.3 million children below the age of 5 and their caregivers, providing quality services and training in early childhood development and nutrition. Both projects will kick-off in 2021.

In line with our conviction that access to quality education is the key lever to improving the lives of children, we are piloting an approach developed by LeadForGhana whereby bright Ghanaian University graduates are trained and coached, and then deployed in lower-income cocoa communities to teach and inspire children.

Access to Health and Hygiene

This year's health and hygiene activities were very much focused on providing support to farming communities across our different supply-chains in respect to prevention of the spread of Covid-19.

We participated in sectorial efforts to distribute awareness raising material, health and hygiene material and food in Côte d'Ivoire, Ghana, Uganda and Madagascar.

Touton also individually offered additional support to the national authorities emergency plans in Ghana and provided supplies to clinics in Côte d'Ivoire.

Providing safe & dignified labour conditions

Touton is committed to mainstreaming safe and dignified working conditions in its business operations and in the communities where it sources products.

Addressing child labour & forced labour risks in our supply chain

As a company involved primarily in sourcing tropical commodities, we are particularly vigilant when it comes to working conditions in the areas and communities where we interact with farmers. In the cocoa supply-chain especially, in order to ensure no child labour occurs in our supply-chain, we work with credible independent implementing parties to undertake awareness-raising and mitigation programmes. We partner with the International Cocoa Initiative (ICI) & Child Rights International (CRI) in Côte d'Ivoire and Ghana.

We are members of the Sustainable Vanilla Initiative Platform that is assessing child-labour risks in the vanilla supply-chain in Madagascar.

We are also working with industry peers, with guidance from the ICI and Verité, in respect to assessing the risk of forced labour in our cocoa supply chain.

Providing safe working conditions

We support workers' rights through training, distribution of appropriate equipment and awareness raising campaigns.

The training and coaching provided through our certification programmes and bespoke projects include modules on safe farming practices. Explanatory posters on safe working conditions are distributed to farmers and posted in cooperatives and rural centres.

We support sourcing cooperatives and farmer groupings in ensuring farmers are aware of their labour rights.

Supporting the creation of agri jobs

We train, equip and support youths from cocoa growing communities to develop agri services (pruning, weeding, spraying) to farmers, creating employment opportunities for them while allowing farmers to benefit from skilled labour at a moderate cost. This in turn contributes to reducing the risk of resorting to family labour.



- 44 005 farming households reached by child labour monitoring & remediation systems
- Regular monitoring of KPIs on gender, turnover and absenteeism

Within our operations

Touton exercises great care in ensuring the health and safety of its employees at all its sites.

Our main processing and cleaning subsidiaries have several quality certifications and, in addition to these obligations (as well as local and international rules and standards), they offer additional benefits such as :

- Annual medical check-ups,
- Mandatory personal protective equipment,
- Annual trainings on safety / fire,
- The identification and training of safety referents in each department,
- Regular sound & quality audits.

When travelling for Touton, employees are provided with guidance on risks related to tropical destinations and are given full medical expense coverage. We manage our risks in partnership with Bureau Veritas, which provides us with a complete Single Risk Assessment Document every year and necessary guidance.

This year our operations were heavily impacted by the Covid pandemic. In anticipation of the measures put in place by the French authorities, and thereafter in sourcing countries where we have workers and partner farmers, we developed an operational containment and health and safety plan. Protective equipment was made available to staff and IT measures taken to ensure staff could adequately tele-work as needed. Our subsidiaries were also supported in deploying similar measures and in line with the recommendations of local authorities.

In line with our obligations under French Law and in relation to our Extra-Financial Performance Declaration we report annually on accident rate and absenteeism, as well as turnover, average training hours and gender.

In 2020 62 staff members received 942 hours of additional training. Out of 109 fixed term employees in our Bordeaux HQ, 40% of management positions are held by women vs 48% of all execution/operations positions. We score 79 out of 100 on the French Gender Equity Index.

Social Dialogue

Our organisational chart is precise and well known. Everyone knows their superior and knows who to turn to if they have any questions.

We have a local HR team at the head office, positioned in an open space, playing a supporting role for both employees and managers.

The management team remains stable.

Social dialogue takes place with the sole delegation of personnel, in accordance with the law. The minutes of our company Works Council meetings show that the dialogue is genuine, free and open, and that the issues discussed are simple and not of a highly sensitive nature.

No direct questions from employees (anonymous) have been raised since 2016.



Adapting to Changing Conditions

Touton is committed to gradually eliminating supply from protected areas, in close collaboration with the competent authorities in the countries concerned.

To guarantee the implementation and effective monitoring of this commitment, Touton is committed to setting up verifiable systems for traceability of suppliers. This complex work begins with the mapping of partner farmers' plantations and the construction of a management system that captures the granularity of the supply chains in which the Touton group operates. In order to monitor and evaluate this first commitment, we determined as a performance indicator the number of planters registered and whose plantations were mapped. . During the course of the year 55 397 farmers were mapped.

As an early signatory of the Cocoa Forest Initiative, that was launched in 2017, we published our second CFI Annual Report for [Côte d'Ivoire](#) and [Ghana](#) in March this year.

In line with our engagement to contribute to Ghana's REDD+ commitments, we are progressing with our Ghana-based programme to address climate change impact for cocoa production and cocoa farmers' livelihoods: the 3PRCL (Partnership for Protection, Production and Resilience in the Cocoa Landscape). Working hand-in-hand with the Ghanaian Cocoa and Forest authorities we are implementing activities that aim to increase cocoa productivity on less land, increase farmer resilience to climate impact, improve their livelihoods through diversification of crops, integrate agroforestry techniques and models. Our programme goes beyond cocoa communities and integrates all landscape actors and is supported by the UK government funded Partnerships for Forests. We are now preparing to roll out key lessons learnt in the Bia-Juabeso region to other sourcing regions.

- 55 397 farmers mapped in our direct supply-chains to date
- We update our CFI report on an annual basis
- 3PRCL programme covering an area of 243 561 Ha



Touton engaged in a partnership with the French research centre CIRAD to provide technical recommendations in terms of agroforestry practices for producer organizations (POs) to which it provides support (training of producers in climate-smart cocoa farming, agroforestry systems, crop diversification, distribution of shade trees, etc.).

Emphasis is placed on the combination of tree and/or crop species with productive and / or ecological functions and on the promotion of agro-ecological intensification, in a context of global change, in order to improve agronomic performances of the systems while limiting the environmental impacts and the use of natural resources.

Touton group has also completed a life cycle inventory (LCI) for semi-processed cocoa products produced in our subsidiary Cocoa Touton Processing Company (CTPC), in Ghana. As the only entity within our group with a complex industrial process, we have a 3-year environmental plan that is certified by a local public body. The objectives of this plan are to :

- Prevent and minimise emissions by the company ;
- Implement actions to minimise environmental impact;
- Protect human health and safety;
- Optimise the use of resources.

We are studying the deployment of solar panels to further reduce our factory's electricity consumption.



Transparency & Anti-Corruption

Our Code of Ethics provides guidance on fraud and corruption management. Compliance with, and application of the rules contained in the Code are binding on all employees. In the event of non-compliance with the Code, disciplinary sanctions may be imposed by the Managers of the company concerned or the Group's General Management.

Our Code is shared along with all other relevant documents with all our employees.

In accordance with applicable legislation the Touton Group has implemented an internal Whistleblowing Procedure through which employees can anonymously flag any wrongdoings.

Touton is also controlled once a year by external auditors ("Commissaires aux comptes") who also look at these aspects. The official "Tracfin" system provides for alerts to authorities in case of suspicion. This has never occurred.

As part of our clients' due diligence requirements we are regularly submitted to ethical, social or environmental audits, such as SMETA, which is an ethical trade audit used by clients that are members of SEDEX (Supplier ethical data exchange).

We have developed similar tools to ensure compliance with major ethical and labour law considerations with our key suppliers. In 2021 we will notably be integrating an additional tool: 'Compliance Catalyst'.

- Tracking of alerts by Tracfin.
- Number of people trained on Anti-Bribery and Corruption.

Touton is a leading agro-industrial actor. Our know-how builds on 170 years' experience of providing our customers with high quality commodities. In addition to delivering responsibly-sourced cocoa, coffee, vanilla and natural ingredients, we are now increasing our engagement in commodity producing countries through processing operations in cocoa. With subsidiaries in originating regions, and agents in key locations, Touton's strength lies in the skills of its workers, the cultural diversity of its teams, and a deep understanding of the countries in which the company operates.



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