

**COCOA LIFE
GUIDANCE DOCUMENT
FOR PUBLICATION**



PREFACE:

Mondelēz International is the world's largest chocolate company and we have a unique responsibility as the industry leader to help transform the livelihoods of cocoa farmers and their communities over the long-term.

Cocoa Life is a bold ambition that reflects the importance of cocoa as a critical raw material.

But how will we manage this program across a range of diverse origins and over a ten year timescale?

This document summarizes detailed internal guidance for our program teams. We are publishing it to help build understanding of Cocoa Life and to contribute to our ongoing cocoa conversation.

We hope you find it useful.

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1. INTRODUCTION

About Cocoa Life

The 'Cocoa Life' approach defines what cocoa sustainability means to our business and the approach we take to origin development and supply chain stewardship.

Demand for chocolate is growing, especially in the emerging markets. But cocoa supply is constrained by a complex range of technical, environmental, socio-economic and political issues. To meet the projected requirement of an additional 1 million MT by 2020 the cocoa industry needs to react now to grow supply in order to meet this demand.

Cocoa Life is based on the successful Cadbury Cocoa Partnership which began working in Ghana in 2007. This experience has shown us that while these issues are complex and there are no quick fixes, we can be successful in tackling them if we work with partners and the cocoa communities on a long-term basis, guided by a clear and distinctive approach, and underpinning values and principles. It is from this work in Ghana – and our insights from other activities in cocoa origins, with certification schemes and from others in the cocoa industry - that we have developed this Cocoa Life approach.

The Cocoa Life approach is designed to guide the scale up of our origin development in all our cocoa origins and to ensure our cocoa purchasing supports our investments in origin development. The needs in each origin are unique, and the local outcomes we seek, and the programs we will develop with our partners, are specific to each origin. Nevertheless, there are some common processes in how we go about it, and how we ensure our investment is having an impact, which is the Cocoa Life approach.

The guidance in this document is expected to apply to our central program management processes and to program implementation in Ghana, Cote d'Ivoire and Indonesia; and to inform program implementation in other origins.

The Cocoa Life approach has been developed with input from those currently running origin programs within the company, our implementing partners (IPs) and external advisors. This input is directly informed by the participation of cocoa farming communities, with whom our IPs have daily contact as well as more structured opportunities to gain feedback. It will continue to evolve as we gain more insight into what works and best practices across our industry.

This version, published in October 2013, contains updated information on the Cocoa Life approach to child labor, starting on page 14.

2. OUR VISION, COMMITMENT, PRINCIPLES AND APPROACH

We have a clear vision for Cocoa Life of thriving cocoa communities. We have made a public commitment to this program. Our approach incorporates three main principles - **holistic & farmer centric**, committed to **partnerships, aligned with our sourcing**. Our approach focuses on five key areas: farming, community, livelihoods, youth and environment - with a cross-cutting emphasis on gender equality and children's rights; underpinned by an operating framework that sets out the elements that we expect to see in any Cocoa Life program.

Vision

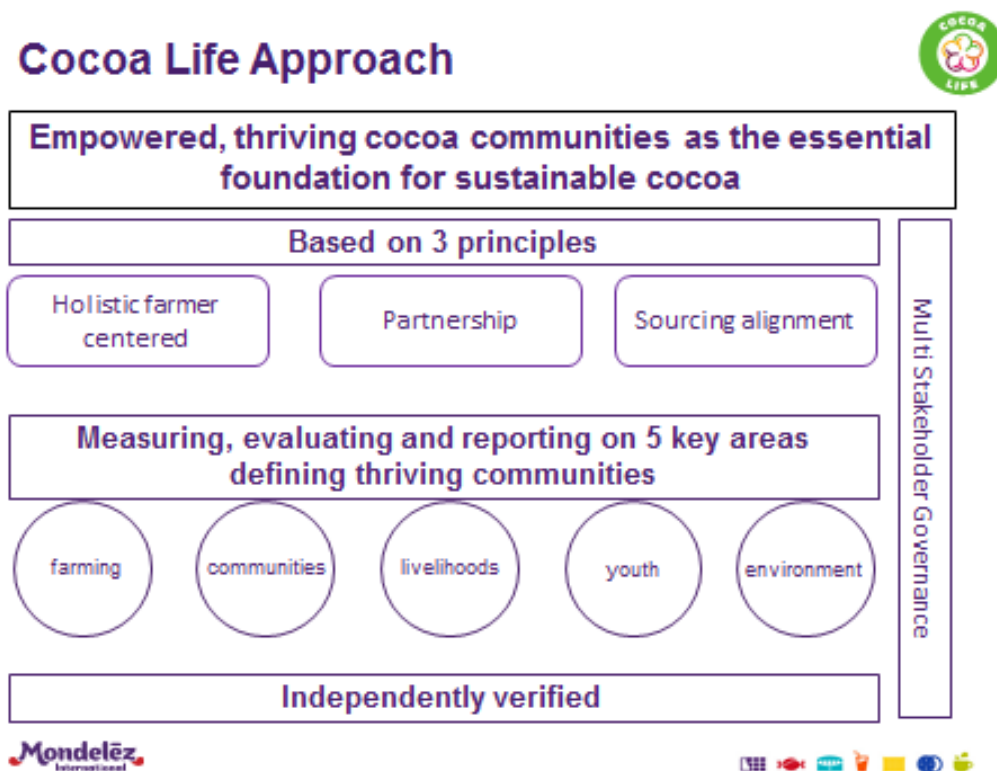
The Cocoa Life vision is empowered, thriving cocoa communities as the essential foundation for sustainable cocoa.

We will lead the transformation in cocoa origins by generating empowered, thriving communities, inspiring the next generation of cocoa farmers, and in doing so, securing the future of our business.

A thriving rural community is defined by economic, social and environmental characteristics.

We want our actions to make a big impact. We will focus on scalability - engaging with suppliers, policy makers and institutions to encourage sustainability and scale-up.

The following schematic encapsulates the vision, our three core principles and our five focus areas:



Schematic of the Cocoa Life approach - vision, principles and approach focusing on five key areas

Commitment

Mondelez International has made a long-term, high-level and public commitment to the Cocoa Life program. In November 2012 we announced an investment of \$400 million (\$ USD) over 10 years into our cocoa supply chain.

Our long-term financial commitment is matched by a clear business rationale. We expect our senior leaders to demonstrate public support and champion the program within the business; generating supportive values and culture, engaging critical functions, being prepared to learn from partners and changing our practices where necessary.

Principles

Our program approach adheres to a clear set of three core principles:

Principle 1: Holistic and farmer centric

Cocoa Life listens to and empowers farmers and cocoa communities.

It's our commitment that cocoa farming becomes a livelihood that lifts people out of poverty and that cocoa communities become desirable places for the next generation to live.

Farming communities are at the center of our approach and this includes improving agricultural knowledge and practice; and community development. For cocoa farming to be sustainable, non-economic barriers to cocoa sustainability, such as disempowered women and disaffected youth, must be addressed as well as economic barriers, such as low yields and incomes.

[We believe a sustainable cocoa supply begins with thriving farmers.](#)

[We believe gender equality benefits everyone and that the work of children is education and play.](#)

Principle 2: Committed to partnerships

Cocoa Life joins forces to build and implement the program.

By creating partnerships with communities, governments, national and international non-government organizations and supply chain partners, we can support Cocoa Life communities in finding real solutions that lead to measurable transformation.

Partnerships are vital for best practice, sustainability, synergy and scale - they bring competencies relating to the program objectives - empowerment of cocoa communities, embedding into national institutions, and connectivity with our supply chain.

[We believe partnership is the key to lasting change.](#)

Principle 3: Aligned with our sourcing

Cocoa Life upholds its principles throughout the supply chain.

We strive to ensure that all of our partners, along all of our cocoa supply chains, support our approach.

Our program and our sourcing contracts are aligned. This means the program is implemented with farmers within our supply chain and the program is aligned with our buying contracts, or vice versa. We aim for transparency to farmer level. Linkage to our products is a core part of supply chain stewardship.

[We believe integrity and accountability are as important as sun and water.](#)

Focus areas

Our program is focused on five key areas. Experience shows us that delivery of outcomes across these five areas generates thriving cocoa communities. Each area has a specific set of Key Performance Indicators.

Farming

Cocoa Life helps farmers benefit from access to the most up-to-date agricultural information. Practices such as planting trees at optimum density, using shade trees, starting seedlings in nurseries, and protecting trees from infestation and infection help to increase yields and plot value.

We believe efficient farming practices lead to better incomes.

Community

Cocoa Life supports men and women to work together to transform their communities by developing action plans that can bring about changes to the community that they want to see. Women's groups improve knowledge and confidence, and a sense of opportunity and ownership emerge as communities begin to thrive.

We believe a shared vision unites communities.

Livelihoods

Cocoa Life supports farming communities to create new entrepreneurial businesses in sectors complementary or different than cocoa.

We will look at ways to support improved access to micro-finance, together with training on financial literacy and how to manage additional income, allowing farmers to develop additional sources of income and to reinvest in their businesses.

We believe a consistent livelihood creates financial security.

Youth

Cocoa Life helps young adults have more opportunities once they finish school. Jobs are being created at the village level, and new programs encourage training for these positions. The chance to be a part of a thriving community makes villages desirable places to plan a future.

We also believe we need to build the awareness on the importance for children to attend school classes and to create alternatives to avoid child labor.

We believe young people can be inspired by a career in farming.

Environment

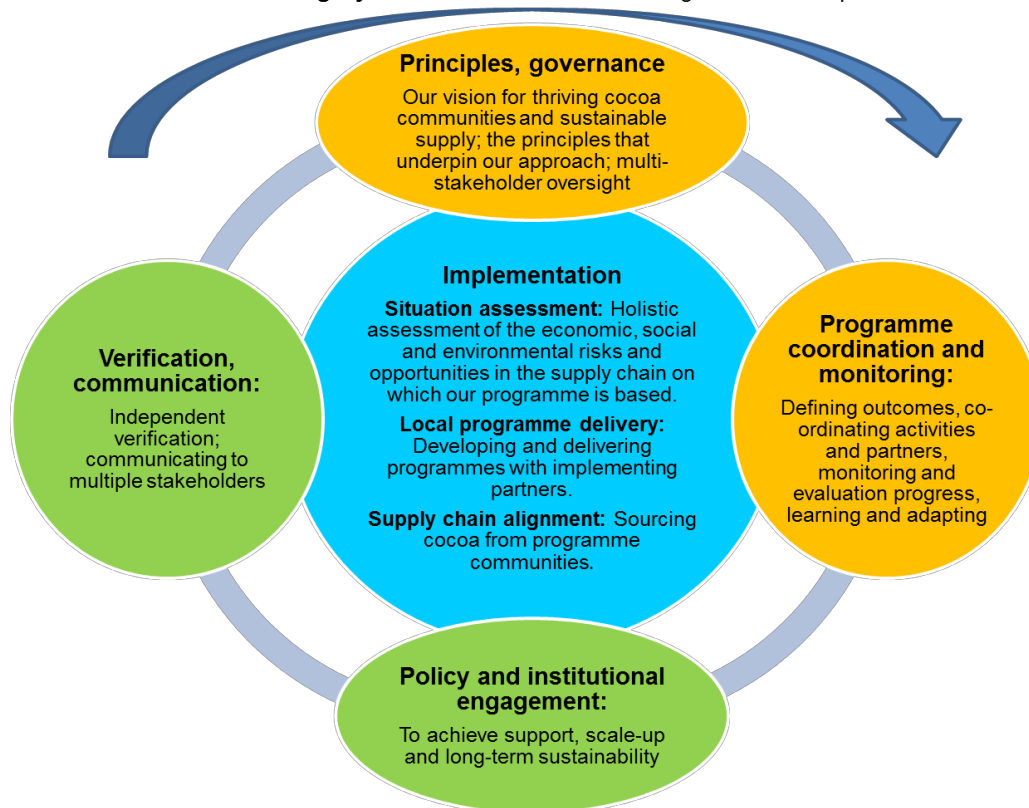
Cocoa communities depend on fertile soil, clean air, and potable water. Through Cocoa Life farmers are working and living in new ways so that it is possible to safeguard the land while increasing yields by implementing and maintaining modern best practices.

We believe conserving the land is a promise to future generations.

Approach

The Cocoa Life Approach is underpinned by an operating framework which sets out the elements that we expect to see in any Cocoa Life program. (diagram below)

Continuous Learning Cycle: accelerate what's working and address problem areas



Schematic of the Cocoa Life operating framework

Our vision and **principles** set the fundamental basis of our origin programs and the involvement of our partners in them. Multi-stakeholder **governance** ensures the principles are put into practice, and our program meets external expectations and business needs.

Our programs are based on evidence - in origin the **situation assessment** gives us credible, fact-based and holistic research to understand problems and root causes. Outcomes are defined based on problems identified. We will have a top quality team on the ground able to develop and **deliver local programs** with our partners and to navigate business, policy, community and **institutional engagement**. We work with our **suppliers** to source cocoa from program communities.

An active monitoring, evaluation and learning process among partners externally builds best practice and allows us to **continually improve** as the program evolves.

Learning is in everything we do. We will adapt our program based on feedback to keep focus on achieving outcomes, which generate thriving cocoa communities.

3. MULTI-STAKEHOLDER GOVERNANCE

We invite stakeholders from outside of the business to participate in developing our approach and provide oversight of the implementation of our cocoa origin programs. This gives us:

- challenge and support to our plans
- access to expertise and insight from different disciplines
- in-depth knowledge and experience of origins, and
- involvement of particular organizations necessary to support the scale-up of our programs.

Formalized participation of external stakeholders in the governance and oversight of the cocoa program takes place in the Cocoa Life Advisory Council and in origin specific steering groups.

Cocoa Life Advisory Council

True to the principle of genuine partnership, the Cocoa Life approach is overseen by the Cocoa Life Advisory Council comprised of senior business representatives, origin representatives and a number of external advisors from international NGOs with an interest in human rights, development or environmental issues.

The **role of the Cocoa Life Advisory Council** is to provide strategic guidance for origin development programs, ensuring that they meet external expectations and business needs, and are in line with the Cocoa Life approach. The council is responsible for:

- Providing input into Mondelez International's vision and approach for sustainable cocoa sourcing
- Steering and encouraging innovation in cocoa origin and R&D strategies to ensure they are consistent with the overall vision, Cocoa Life approach and appropriate to local realities.
- Advising on relationships with key IPs to maintain integrity of program vision and implementation.
- Facilitating engagement with government and civil society stakeholders in cocoa origins and markets in support of program objectives.
- Defining appropriate approaches to monitoring and evaluation of origin development programs.
- Promoting alignment and sharing of learning between different origin programs.
- Providing external perspectives on the program in communication to conscious citizens.

The Advisory Council meets at least twice a year, and aims to meet once in a cocoa origin. The Cocoa Life Director acts as secretary for the Advisory Council.

Origin country governance

The primary purpose of governance at the national, or origin, level is to enact the cocoa program within the framework established by the Advisory Council, and to ensure that the program is aligned to other local, national and international development activities. National governance is determined by the specific requirements of each country. Depending on the local situation it may be necessary to establish a local origin steering group.

4. PROGRAM COORDINATION, MONITORING, AND LEARNING

The Cocoa Life program will establish in each origin a person or team that coordinates and monitors all the projects and stakeholders in that country.

The main activities of the program coordination unit (PCU) are program coordination, monitoring and learning.

- Program coordination including facilitating regular meetings with partners to develop program design and implementation
- Monitoring involving all partners, against program outcomes
- Collation of data into internal bi-annual progress reports
- A learning framework for future investment, project design, and community empowerment

Program coordination

We provide a flexible approach to community empowerment and development for each community, via a range of partnerships. The kind of services we expect to be able to offer to the community is based on their needs. We carry out a situation assessment to identify these needs (see later chapter on “situation assessment”)

Our programs in origins involve multiple partners and stakeholders. Working with IPs gives us invaluable access to insight and capabilities that can help to develop and deliver effective programs, and to support the scale-up of our interventions. Effective coordination of the partners and the projects in the program is a critical role that the business supports until such a time as local institutions have integrated the projects.

Monitoring and evaluation

An appropriate monitoring and evaluation framework, which takes into account local program requirements and the needs of the business to track progress, is an important element of the program coordination. It helps to ensure the program keeps focus on its identified outcomes expressed in the 10 global KPIs and supports the on-going learning, adaptation and growth of the program.

Learning and sharing

Continual sharing of information is an important mechanism for reflection that brings learning and insights and allows adjustments to be made as necessary. Continual sharing acts as an early warning system and allows for any signs to surface so that early intervention can prevent any later issues from building up. It is part of the role of PCU to ensure learning is integrated back into the program design.

The creation of a framework for learning and sharing is an opportunity for all stakeholder voices to be heard. Regular meetings allow stakeholders to meet and build relationships, providing farmers with a link to institutions so that they know who to approach with issues in the future.

5. SITUATION ASSESSMENT

A situation assessment is carried out for each origin in the early stages of program design. It helps us to understand problems and their root causes, and to identify how we can support the development of thriving communities in that origin. The situation assessment will inform the program design and is therefore a mandatory requirement for all origins.

A situation assessment is a mandatory requirement for any global funding and must be carried out for all origins.

A situation assessment

- Is independent, holistic, and developed with multi-stakeholder input
- Will be carried out by capable researchers with local expertise
- The depth and breadth of the situation assessment is tailored to the origin
- Is the start of our learning journey (it is unlikely to uncover all the issues initially)

Characteristics

Assessments should have the following characteristics:

- They must be undertaken by an independent, credible and competent researcher or research organization(s) with local expertise.
- Involve a holistic assessment of the economic, social and environmental impacts in the origin concerned determining both risks to cocoa production and revealing any opportunities.
- Have agreed terms of reference.
- Involve engagement with a wide range of stakeholders, including affected and vulnerable groups, ensuring the program is built on a multi-stakeholder platform from the outset.

Scope

The scope of the assessment will provide the business and its partners with a detailed and shared understanding of the current economic, social, environmental and political factors on the ground - tailored to the national context of the specific origin and the business' supply chain within that origin.

The situation assessment **will**:

- Identify needs pertinent to the target area/ communities (sometimes referred to as a local **needs assessment**)
- Identify affected groups, stakeholders involved and vulnerable groups (who may be consulted as part of the assessment)
- Look at the impact on people and the environment of existing cocoa activities (sometimes referred to as an **impact assessment**)
- Consider environmental, social, economic, and political factors in cocoa-growing areas, focusing on cocoa farmers, producers, and communities
- Determine barriers and areas to support the development of thriving cocoa communities, including risks to cocoa production, potential mitigating actions and opportunities

The situation assessment will include a review a number of factors across the five Cocoa Life key focus areas and global program KPIs. Tailored to the situation in origin, this may include and not limited to:

- Social structures and dynamics
- Gender and cultural norms and respect for human rights
- Political processes, human rights protections and means of redress
- Household livelihood strategies and relations
- Demographics and status of key demographic groups (women, children, ethnic groups, migrant workers)
- Conflict
- Value distribution
- Access to assets/ resources (e.g. Water)
- Labor practices
- Conservation efforts and threats
- Supply chain mapping
- Land issues/ land tenure / competing land use
- Status of the cocoa farms, technical capacity and previous initiatives

Results of assessments and how they are used

The situation assessment will identify issues and appropriate interventions and will inform the **program design** which leads into the following activities and local program delivery (chapter 6).

- The design will include development of **action plans** and **local program indicators**, which will feed into the global program KPIs.
- Prior to implementation (local program delivery), the starting point is measured through a **project baseline assessment**, which allows us to measure our progress during implementation. We expect these results to be monitored locally as part of the project M&E and to feed into the global MELV system.
- We may decide to carry out a formal **project impact assessment** after a certain time to ascertain the impact the project is having in the communities where the projects are being implemented.

6. LOCAL PROGRAM DELIVERY

Once a situation assessment has been carried out, the origin team and partners can identify desired outcomes based on needs identified, and develop projects to deliver those outcomes.

This chapter sets the context for program development, outlines roles and responsibilities and gives examples of activities that deliver desired outcomes in the five key focus areas. We also include in this chapter activities relating to the following specific needs, identified as particular risks within the cocoa industry and/or the geographical areas in which our cocoa communities are based:

- Conflict resolution
- Elimination of child labor
- Women's empowerment

Program development

Program development may involve multiple stakeholders, including local government, farmers and farming organizations, Cocoa Life's IPs, and the cocoa communities themselves. This multi-stakeholder approach will identify realizable projects to deliver identified outcomes, and confirm which stakeholders will be involved in their delivery.

The situation assessment provides the baseline evidence of needs in the cocoa growing communities, on which local projects will be developed.

Partnership - roles and responsibilities

Working in partnership and farmer-centric programming is at the heart of Cocoa Life. By working in partnership, Cocoa Life is able to draw on and maximize a range of experience, skills and competencies to ensure effective programs are developed and implemented and that are cognizant of the diverse business, social, political and economic issues and challenges around the cocoa supply chain. It is, therefore, important that there are clear roles and responsibilities defined in origin between PCU and the IPs in program design and program implementation.

Program design

The origin PCU's role in Cocoa Life is to lead on origin strategy development, stakeholder engagement and IP co-ordination. Once a situation assessment has been carried out, origin programs are designed collaboratively with a range of local partners. Given the extensive experience of Cocoa Life's IPs in program design, community engagement and mobilization, and local institutional capacity building, IPs play an active role in the program design and implementation, working with the origin PCU. The origin PCU also ensures that program design is aligned to Mondelez International cocoa sourcing strategy and that MELV systems and processes are designed to effectively suit the local context.

Program implementation

Cocoa Life is implemented by IPs. This approach maximizes the expertise and experience in community development and institutional capacity building of our partners and ensures Cocoa Life is responding to cocoa farmer and cocoa community needs and that implementation is being carried out from the bottom up. The origin PCU plays a key role in supporting and co-ordinating IPs during implementation. The PCU will develop a management and evaluation system, host and organize regular IP learning and review meetings, build capacity of IPs where relevant, build, strengthen and maintain high level stakeholder relationships and advise IPs on any significant changes in the global Cocoa Life strategy.

Local program impact

Local measures are developed based on the desired project outcomes which are defined following needs identified in the situation assessment. These measures are mapped to the global program KPIs.

Conflict / humanitarian response

If the Situational Assessment has identified that the area or region has a high risk of conflict or natural disaster, is impacted by a conflict /disaster, or is a post conflict/ disaster area, specific activities should be triggered to develop the business response. This activity should protect employees of the company and IPs and seek to support farmers and their communities as far as possible.

The following plans can be developed depending on the country context:

- Responses to in-country conflict
- Response to humanitarian need
- Post-conflict rebuild
- Programs on conflict prevention and resolution

Child labor

The cocoa industry has often been challenged about the rights of children working on cocoa farms. As the world's largest chocolate company and biggest buyer of cocoa, Mondelez International has been trying to solve this issue for over a decade, working with our industry and supply chain partners as well as directly in origin countries through the Cadbury Cocoa Partnership. But, despite these efforts, the problems persist.

We now have a responsibility to build on all we have learned to help eliminate child labor in cocoa-growing communities. Our priority must be to confront and address this in our own supply chain, but we must also show leadership by shining a spotlight on the issue and advocating for others in our industry and beyond to play their part.

In our own business, we are clear on the standards that we expect. **We will not, directly or indirectly, employ any children under the age of 18 unless necessary and legal, and the following are met:**

- **Compliance with the minimum employment age limit defined by national law or by International Labour Organization (“ILO”) Convention 138, whichever is higher**
- **Employees are at least 15 years of age (and no exceptions allowed by the ILO or national law will apply)**
- **Employment does not expose them to undue risks that can harm physical, mental, or emotional development**

However, as the industry leader, having a child labor policy is not enough. We need to go further to ensure our standards are met and help address the underlying drivers of child labor.

There is no one-size-fits-all model that can be applied to all origins to immediately reduce and prevent child labor. Our approach will vary between countries and communities. But we can commit to a set of principles that will guide our work:

1. Active – we will seek out occurrences of child labor rather than wait to discover them and respond humanely and responsibly
2. Transparent – we will be open about what we find
3. Local – we will tailor our approach to the particular circumstances in each origin community
4. Adaptable – our program will evolve as we learn from our experience and best practice
5. Collaborative - we will work with partners internally and externally to maximize our impact

In each origin we will apply these principles to develop robust local solutions through:

- National Situation Assessment – every three years we will review the national child rights environment to benchmark performance, ensure program addresses local circumstances and works within national frameworks
- Child Work Action Plan – creation of Child Labor and Child Slavery response and remediation procedures and integration of initiatives to respect and support child rights in all Cocoa Life communities

- Communication and training - Communication of the Child Work Action Plan to partners and suppliers, including training on the child labor and child slavery response and remediation procedures
- Program implementation – delivery of the child rights programs identified in the Action Plan
- Monitoring and evaluation – ongoing assessment and verification of our interventions, with details published online

Definitions: It is important to define what we mean when we are talking about child labor and child slavery. The International Labour Organization (ILO) permits children to carry out tasks ranging from helping parents, to doing light work after school. Such activity may play an important role in children learning the skills to continue farming cocoa on the family land so it is important to understand the distinction between the ‘child labor’ we want to eliminate and permitted light work.

ILO Convention No. 138 (Minimum Age) defines ***child labour*** as work that:

- is mentally, physically, socially or morally dangerous and harmful to children; and
- interferes with their schooling by depriving them of the opportunity to attend school;
- obliges children to leave school prematurely; or
- or requires them to attempt to combine school attendance with excessively long and heavy work.

ILO Convention No. 182 (Worst Forms of Child Labour) describes the ***worst forms of child labour*** to include:

- Hazardous work, which is by its “nature or the circumstances in which it is carried out is likely to harm the health, safety or morals of children.” Examples of hazardous work include: working underground, at dangerous heights or in confined spaces; working with dangerous equipment, machinery and tools; work that involves manual handling or transport of heavy burdens; working under particularly hard conditions including long working hours, night work and working in isolation; being exposed to chemical hazards, excessive temperatures or work that involves heavy vibration
- All forms of slavery, including the trafficking of children, debt bondage, forced and compulsory labor, and the use of children in armed conflict.
- The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic purposes.
- The use, procuring or offering of a child for illicit activities, in particular the production and trafficking of drugs.

Mondelēz International approach: Child labor has been engrained in the culture of cocoa growing communities over generations. It is not a problem that can be solved overnight or by any one organisation in isolation. To make a real impact, all those with an interest in the issue must play their part. As the world’s largest chocolate company, we believe Mondelēz International’s role is to:

1. ***Identify and address child labor in our own supply chain*** – this means clarifying the standards we expect in our own business and in our supply chain and taking steps to ensure that those standards can and are being met
2. ***Shine a spotlight on the issue*** – as the largest cocoa purchaser; we have a responsibility to call out the problem. Ignoring it will not make it go away. We have to be brave and encourage open debate about how to solve the problem by working with, and talking to, industry partners, NGOs, campaigners, consumers and government

3. **Enable and encourage others to follow our lead** – Nobody has a perfect solution but, as we learn from our experiences, we must share that knowledge, advocate for best practice and encourage others in the industry and government to play their part. It is only by working together that we can make progress.

7. SUPPLY CHAIN ALIGNMENT

We work with our suppliers to scale up our sustainable cocoa supply following the Cocoa Life principles. A key part of aligning our sourcing with Cocoa Life includes moving towards greater transparency and scaling up our volumes from Cocoa Life communities (see design principles below).

Shared development objectives with Suppliers

We acknowledge that many of our supplier partners face similar challenges around security of supply and the need to drive further social and economic development in producer communities, as a consequence of this we have identified several suppliers who have embarked on programs with shared goals around improving cocoa farmer livelihoods. Shared goals include working with farmers and cooperatives to improve farm yields and quality, building stronger and more professional cooperatives, and improving community access to education and healthcare.

Our approach at Mondelēz International, and through Cocoa Life, is to build on the successful experience of our supplier partners and our own cocoa development programs in order to create win-win relationships which benefit farming communities.

Supplier Identification, Selection and Engagement Principles

Supplier inclusion and alignment with Cocoa Life programmes will be based on identification of partners with a shared vision and mission to work pre-competitively in partnership to develop a secure, sustainable cocoa sector.

Our approach when engaging with suppliers and designing win-win alignment methodologies needs to consider the following 6 elements:

1. **Shared commitment:** All parties need to share a strong commitment to work to ensure the sustainability of the cocoa sector in identified origins with each bringing their respective experiences and strengths to the project. Ideally all parties would need to make long-term commitments to this goal.
2. **Partnership and inclusivity:** Working in partnership is a key principle for Cocoa Life aligned activity - this spirit of partnership encompasses reaching out to and working collaboratively with farmers, farmer organizations, communities, NGOs, government ministries and departments, as well as subject experts in cocoa and development.
3. **Productivity:** Improving the productivity of farms by increasing yields per hectare and improving the quality of delivered cocoa are critical to raising incomes and ultimately improving the livelihoods of cocoa farming families.
4. **A holistic approach:** In addition to working with farmers to address farm productivity and cocoa quality, it is imperative to take into account the social, economic and environmental conditions within target rural communities that can impede progress, and to define, implement and support measures to improve these conditions.
5. **Scaling up:** A key indicator of success and good project design will be to ensure that the project implementation approach will allow for scaling up in a

cost efficient way, i.e. extended to more communities and to more farmers at a nominal cost.

6. **A shared understanding of rural challenges:** Challenges in rural cocoa farming communities can include inadequate infrastructure (roads, schools, medical centres, water, sanitation), the lack of basic social services, ethnic tensions, political instability or conflict, disengaged youth, the lack of sufficient income generating activities or employment opportunities, deforestation and environmental degradation. Through a shared understanding of those issues and challenges, our suppliers will have better input into activity to help redress some of these areas.

Design Principles of Supply Chain Alignment

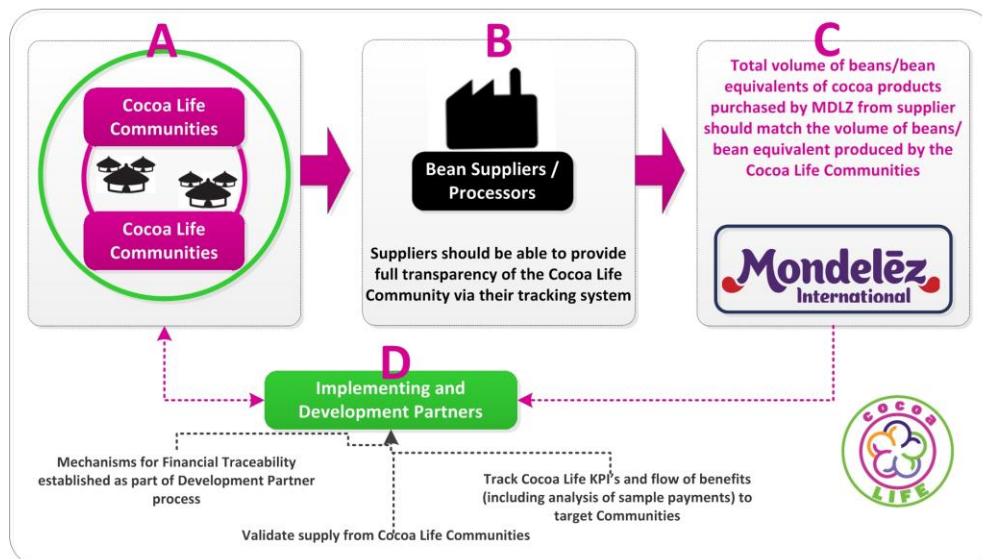
The design principles of Supply Chain Alignment include:

1. Ensure that supplier has transparency to farm level of the volumes purchased from Cocoa Life communities.
2. Ensure transparency on volume of cocoa bean purchases between respective supplier and MDLZ, so that volumes purchased from Cocoa Life communities match the volumes sold to MDLZ.
3. Provide financial traceability to farm level.
4. Providing Mondelēz International with flexibility in sourcing to allow for volume fluctuations.
5. Scale up the percent and volume of Mondelēz International total cocoa bean / equivalent requirements being sourced from Cocoa Life communities until 2022.

Through a proper, inclusive approach towards Supply Chain Management, Mondelēz International will ensure that our business forecast for bean supply will be delivered, that we will unlock and unleash the power of our large suppliers therefore allowing us to amplify the effect and benefit of the overall Cocoa Life Approach.

Stakeholder Groups and Core Steps

Supply Chain Alignment brings together several stakeholder groups (this is explained broadly in the graphic below) including Cocoa Life Communities (consisting of smallholder farmers), intermediate traders, cocoa bean suppliers and processors, IPs and Mondelēz International.



8. POLICY AND INSTITUTIONAL ENGAGEMENT

Institutional (government) engagement is crucial to ensure that the program is in alignment with any national policies. Engaging with institutions, influencing and collaborating where it makes sense to do so, is a critical part of developing sustainable programs.

The Purpose and Strategy for engagement will vary by origin and may include:

- understanding the current local policy frameworks, institutions and specific goals
- identifying areas where policy development can be encouraged
- looking for opportunities to complement or collaborate with programs run by institutions
- ensuring Cocoa Life programs do not run counter to existing or proposed government policies

It is important that our engagement with institutions is coordinated, undertaken with integrity and aligned to the cocoa program's objectives. Part of the goal of PCU and partners is to connect communities and the government institutions, and to build capability in country such that efforts can continue after partners leave and programs have been completed.

9. INDEPENDENT VERIFICATION

The goal of independent verification is to demonstrate the integrity of the Cocoa Life Approach to sustainable sourcing. It confirms that we are doing what we say, and provides an objective assessment of whether we are achieving our intended outcomes.

In summary, our Advisory Council looks at how we are integrating the Cocoa Life program throughout the business, including what we verify and how; and independent assessors review the data we obtain from our origins, and our suppliers.

Verification of the Cocoa Life approach encompasses the following principles:

- Overseen and publicly supported by the Cocoa Life Advisory Council
 - Gives us assurance that our verification process is both credible and robust, with the Advisory Council selecting the verifiers.
- Transparent
 - Regular public reporting
 - What is verified, how and why
 - How issues are being responded to
- Includes certification where appropriate as part of a broader verification process.

What we mean by independent verification

Independent verification demonstrates the integrity of Cocoa Life at a global scale. Verified data is also used to steer the Cocoa Life program and enables the Cocoa Life core team to make decisions on where to focus the program to achieve the greatest impact.

Certification is one of the tools that we use to demonstrate the integrity of Cocoa Life. It is not the only method as the program is broader in both scope and scale than is offered through certification.

What do we verify?

Our model for verification gives confidence that we are asking the right questions to ensure our approach is making progress towards sustainable sourcing of cocoa, and builds credibility for Cocoa Life. We verify:

1. Origin programs
 - Origin programs are achieving their stated outcomes
 - Origins programs are effective - we are achieving the overall Cocoa Life vision
2. Business approach
 - The business is implementing the Cocoa Life approach
 - There is alignment with our supply chain partners

Verification of the commercial aspects of the supply chain

We work with our suppliers on transparency - measuring and verifying the volume of our beans that come from Cocoa Life communities and financial traceability to farm level.

Summary

In summary, independent verification is a critical part of the strength, effectiveness and credibility of the Cocoa Life program. Significantly, verification will cover both programs that happen in origin with IPs *and* the commercial and operational decisions that impact Cocoa Life communities. However, data gathering and verification must be efficient and cost-effective so that resources are deployed in support of farming communities, rather than data *about* farming communities.

10. COMMUNICATION

Cocoa Life's overall communication objective is to demonstrate and create credibility for Mondelez International's approach to sourcing cocoa sustainably around the world. To achieve this, we will provide transparent communication of progress and engagement with conscious citizens to enable the program to be accountable and for independent observers to judge progress.