



**Trade
Trust
Touton**



Communication on Progress 2021

United Nations Global Compact

Global Presence

As of 31/03/2021



1057
Employees

15
Offices Worldwide

170
Years' Expertise



287 000 MT
Cocoa beans



88 500 MT
Green coffee



33 000 MT
Cocoa products



7 900 MT
Spices & Ingredients



60 MT
Vanilla



Table of Contents

• Statement of support – Touton CEO	p. 3
• Key figures	p. 4
• Understanding our Supply-Chains	p. 5
• Protecting Human Rights	p. 6
• Providing safe and dignified labour conditions	p. 8
• Adapting to a Changing Environment	p. 10
• Transparency & Anti-Corruption	p. 12



Message from our CEO

In last year's Communication on Progress we stated that 2020 would go down in history as a year that shook the foundations of our social and business models due to the Covid-19 pandemic.

As the pandemic lingered on, in 2021 we resolved to adapting our systems further to be more resilient to the direct and indirect effects of such a crisis.

Resilience is a key word. Both for the business agenda and for the development agenda.

The COP 26 in Glasgow once again highlighted the need for governments to work closer with private sector and civil society if we are to collectively step up to our engagements. The sense of urgency is there, as can be attested by the acceleration in regulatory developments at EU level in respect to value chain improvements.

This year also saw the roll-out of the multistakeholder dialogue initiated in 2020 by the EU Commission on the cocoa sector – the so called Cocoa Talks. An exchange between EU institutions, Member States, Producing countries, Private sector and Civil Society that covered topics ranging from farmer income, to social standards to environmental protection, and consumers' readiness to pay for more sustainable products. At the concluding session the EU committed to keep this channel open and to work together with different stakeholders to find concrete solutions to the hurdles identified throughout the process.

2021 also saw the publication of the EU Commission's Proposal for a Regulation that aims to halt imported deforestation while the much expected publication of the Corporate Sustainable Governance Directive was delayed twice.

More than ever, in a rapidly evolving environment we must work together to find solutions that enable more virtuous commodity value-chains. Solutions that strike the right balance between value creation for all supply-chain actors – from farm to fork – while maintaining the competitiveness of our sectors.

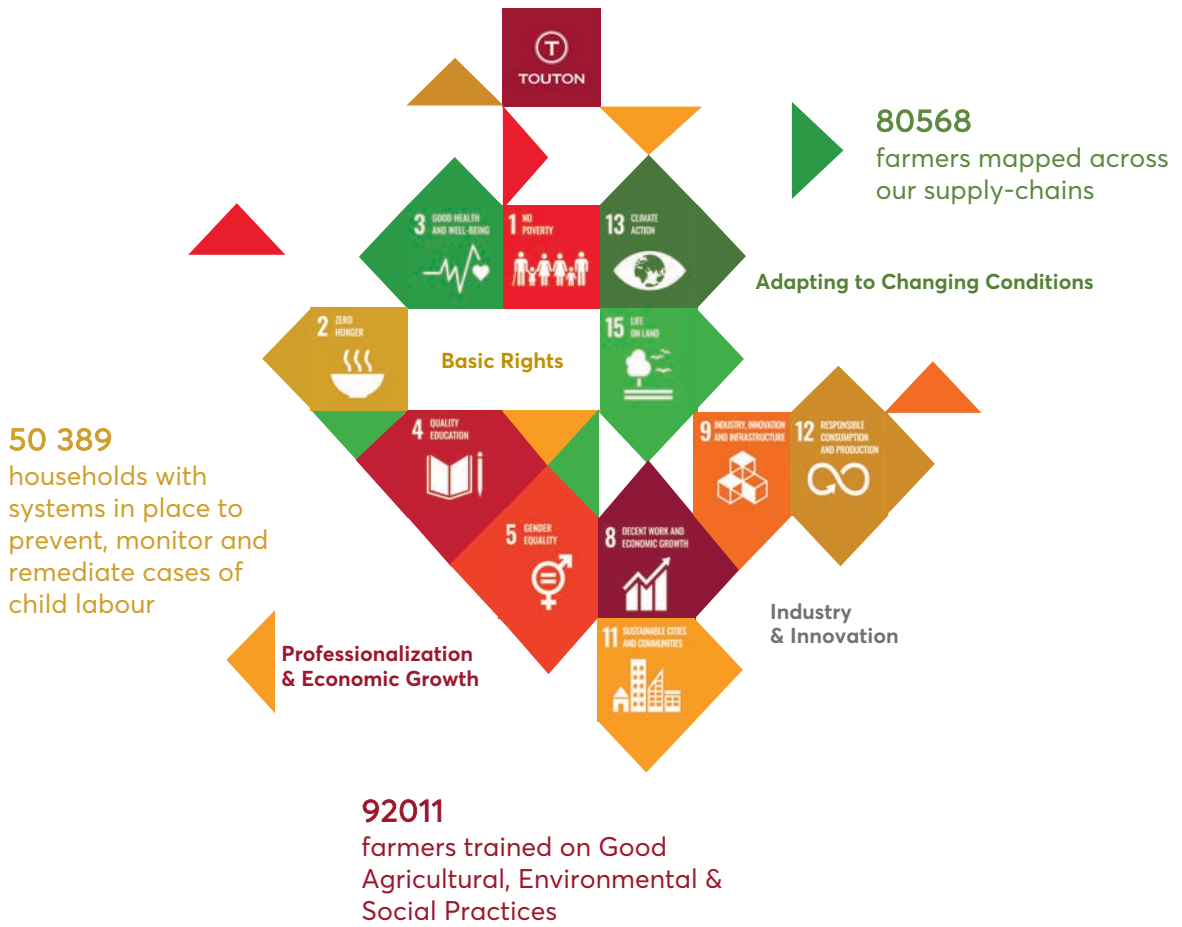
We continue to uphold our shareholders' commitment to sustainability through our engagement to the United Nations Global Compact. We support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption, and engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. We are proud this year to also announce our engagement to support the Women Empowerment Principles of the UN (WEPs).

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 widely with our stakeholders.

We look forward to continued engagement with all our stakeholders into the New Year.

Patrick de Boussac
Touton CEO

Key figures



Touton relies on the hard work and expertise of a large variety of implementing partners. We particularly wish to thank each one of them for their continued commitment and resilience in this year's difficult circumstances.

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 2021 our risk matrix analysis again 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. In 2021, we revised our Supplier Code of Conduct and we implemented a due diligence tool to improve the screening of third parties, in particular suppliers, on a risk-based approach and to identify politically exposed persons, the composition of the management of companies, their shareholding structure, the persons and entities under criminal or international sanctions or subject to adverse media.
- **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 exchange with peers and participate in regular meetings on current regulatory developments, notably in respect to deforestation and Human Rights Due Diligence.

Over **92 000** farmers trained in Good Agri, Environmental, and Social Practices

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. As members of the Alliance on Living Income on Cocoa (ALICO) we continue to work on refining our Living Income metrics and Strategy.

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.

Woman empowerment starts with girls' empowerment.

We are working with partners on making activities more gender smart. This holds true when it comes to access to hygiene and to nutrition.



TRAINING sessions across cocoa, coffee and ingredients supply chains

**3 new
Community
Action Centers
for Children built
in Côte d'Ivoire**

Protection of Children

In 2021 we pursued our 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.

As part of the project this year 3 additional CACEs (Community Action Centers for Children) were built, and several additional cohorts of farming households were trained on good parenting skills in the regions of Goh and Nawa.

In 2021, CLEF partners and signatories – including Touton - resumed discussions for the launch of the CLEF partnership initiated 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.

Discussions regarding the Early Learning and Nutrition Facility (ELAN), that aims 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., will resume in 2022.

Access to Health and Hygiene

In addition to continued support for Covid Protection in communities where we work, Touton has further rolled-out interventions in respect to access to hygiene through the construction of bore holes and water sanitation while pursuing awareness raising and training on good hygiene practices, notably when it comes to food preparation.



CACE: Community Action Center for Children in Baleyo, Côte d'Ivoire

50 389

households with systems in place to prevent, monitor and remediate cases of child labour

Regular monitoring of KPIs on gender, turnover and absenteeism

Providing safe and 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, 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, and with the Sustainable Vanilla Initiative Platform on assessing child-labour risks in the vanilla supply-chain in Madagascar.

We continue to work with industry peers 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. We are particularly encouraged to see that these agri-jobs are increasingly appealing to women.



48% of our
workforce in Europe
are women

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 (see last year's CoP for more information).

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.

Our Human Resources Department was also affected, along with our Business Units, by the Covid-19 pandemic.

We continued our 'routine' support to staff (protective equipment distribution, IT measures taken to facilitate tele-work) and helped interested staff members to access Covid-19 vaccination abroad.

We are proud to say we also sought to creatively adapt and find solutions to new hurdles. In respect to further training/professional skills (which typically requires in-person presence) we are piloting a series of new e-learning modules with a startup 'Openclassrooms'.

We are also deploying a new HR management tool across our different locations, which aims to facilitate new staff onboarding and to better keep track of our employees' skills training, and performance reviews as well as other key indicators (gender, staff turnover, absenteeism etc.).

Despite the challenging circumstances we were able to take-on new staff, both fixed-term and short-term (including your graduates eager to gain experience in an international and dynamic sector).

In our European offices women represent 48% of our workforce versus 33% in Asia and 26% in Africa. While the proportion of women employed overseas grows, it is hindered by the nature of our group's activities (in our factories and in the field). We score 76 out of 100 on the French Gender Equity Index.

Social Dialogue

Our organisational chart is detailed and widely shared. 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.

80 568 farmers mapped in our direct supply-chains to date in Côte d'Ivoire & Ghana.

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 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 farmers registered and whose plantations were mapped. To date, 80 568 farmers have been mapped in our direct supply chain in Côte d'Ivoire & Ghana.

We are an early signatory of the Cocoa Forest Initiative (CFI), that was launched in 2017. In March 2021, we published our third CFI Annual Report for Côte d'Ivoire and Ghana.

While we continue our work in Ghana on the 3PRCL (Partnership for Protection, Production and Resilience in the Cocoa Landscape), we are working more holistically with national authorities in sourcing countries in line with their REDD+ commitments.

We have also increased our capacity to conduct Deforestation Risk Assessments (DRAs) in sourcing areas, notably with our partner Satelligence. DRAs were conducted and finalised in the course of 2021 on our Direct Cocoa Supply Chain in Côte d'Ivoire and Ghana.

However, we are conscious that it is important to combine both a top-down approach in addressing forest risk but also a bottom-up approach by which producing communities are aware of deforestation risks and regulations so that they too can actually adapt their production methods and bring about positive change on the ground.



Ahead of the COP26, Touton was featured in a new report commissioned by IUCN and the UNFCCC High Level Champions on positive impacts of regenerative agricultural practices.

243 561 Ha
in Ghana are part
of the 3PRCL
landscape program

**Yearly reports
Cocoa &
Forests
Initiative**

In the same vein we are working with clients and partners on creating a youth empowerment movement in the area of environmental impact through our 'Climate Smart Ambassadors' Programme'. This aims to enable youths to become actors of change in their own right.

In Ghana, Côte d'Ivoire & Madagascar we are increasing our outreach to farmers and communities on agroforestry practices.

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. The objective is to improve agronomic performances of the systems while limiting the environmental impacts and the use of natural resources.

As per research previously conducted with the French Research Centre CIRAD, we aim to ensure that agroforestry practices are adapted to local conditions to ensure better adoption by farmers.

As part of our efforts to diversify farmers' income streams we also look at ecologically sound revenue generating activities, such as beekeeping, which in turn helps to preserve biodiversity.

Awareness raising on biodiversity, watershed preservation, as well as respect for ecosystems (including wildlife) are all part of the training efforts under our Climate Smart Cocoa Curricula. These are further reinforced by the interaction with traditional authorities on the ground.

Building on our efforts to curb deforestation and better measure their impact (notably on reduction of carbon emissions), in the course of 2021 we contracted Utopies, the first B-Corp-certified French Consultancy, to accompany us in our journey to net zero.

As we approach the end of this year Utopies is finalising our Carbon Footprint Assessment (on all 3 scopes). Following on from that, in 2022 they will help us define our Road Map and emission reduction targets for all 3 scopes. We look forward to reporting back on progress next year.



Tracfin IndueD

investing in digital
tools to improve
our Due Diligence
processes

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 legal auditors ("Commissaires aux comptes") who also look at these aspects. The official "Tracfin" system provides for alerts to authorities in case of suspicion (including risks of money laundering and terrorist financing, under FATF principles). 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).

As mentioned on page 5, in 2021 we strengthened our Due Diligence systems with an additional tool, IndueD, which is built on the Dow Jones screening system, and allows us to maintain a continuous and effective verification of suppliers.

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.

**Trade
Trust
Touton**



TOUTON

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