SWISSCO

Climate & Nature Finance Learning Event

22nd October 2021

Picture Source: World Cocoa Foundation, large-scale agroforestry of cocoa with rubber, Chimelb Farm, Guatemala

Swiss Platform for Sustainable Cocoa

south pole

Earthworm

Activities	Timing	Speakers
Introduction: workshop objectives and deliverables	**13:30 - 13:45**	**Filippo Veglio, President SWISSCO and Christian Robin, Executive Director SWISSCO**
Part 1: Update on the overall Climate and Nature Finance world	**13:45 - 14:35**	**Facilitated by South Pole**
Introduction to Climate & Nature Finance, overview, relevance to the cocoa & chocolate sector and key definitions	13:45 - 13:55	Florent Dji, South Pole
Deep dive 1: the carbon finance options related to the supply chain/ SBTs carbon reduction impact	13:55 - 14:15	Dominique Gangneux, South Pole
Deep dive 2: the carbon finance potentials to be generated through carbon in/offsetting credits	14:15 - 14:35	Dominique Gangneux, South Pole
Part 2: Experiences from the field	**14:35 - 17:00**	**Facilitated by Earthworm**
Case Study 1: Nestlé	14:35 - 14:55	Conor MacMahon, Global Climate Delivery Manager Ryan McNeill, R&D Sustainability Lead - Global confectionery category
Case Study 2: Barry Callebaut	14:55 - 15:15	Geza Toth, Global Lead, Thriving Nature, Carbon and Forest Program, Barry Callebaut
Case Study 3: Chocolat Halba Ghana cocoa project's certification to the Gold Standard	15:15 - 15:35	Will Garrett, South Pole
Chocolate break	15:35 - 15:45	
Case Study 4: Colcocoa, Colombia	15:45 - 16:05	Eduardo Ocampo, Colcocoa
Case Study 5: Example of Biodiversity and Water Payment for Ecosystem Services (PES) projects	16:05 - 16:25	Liliana Martinez Sarmiento, South Pole
Climate Finance in Ghana; how is carbon finance currently being applied at the national level in Ghana and what are the potential synergies with SWISSCO members and SWISSCO's 2030 roadmap?	16:25 - 17:00	Roselyn Fosuah Adjei, Director, Climate Change National REDD+ Focal Point, Forestry Commission of Ghana
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The potential for mainstreaming climate finance into the cocoa sector and potential SWISSCO collaborative framework to support such development	17:00 - 17:15	Christian Robin, Swissco
Overall Q&A	17:15 - 17:30	Hans Peter Egler, South Pole
Wrap up and Apero	17:30+	Christian Robin, Executive Director SWISSCO

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The future for the cocoa sector

- **The sector has been experiencing and working hard to address many challenges across the sustainability agenda** from child labor and human rights to deforestation and cocoa yield
- **The Climate, Water, and Biodiversity crisis** that we are increasingly experiencing will further accentuate these pressure points
- However, **we already know many of the solutions to address these challenges**
- **Climate and Nature Finance can facilitate and co-finance the scaling up of these solutions**, and hopefully build the resilience and prosperity that safeguards the future of cocoa

What do we mean by Climate Finance?

- **Climate Finance** = local, national or transnational financing drawn from public, private and other sources that seeks to support mitigation and adaptation actions that will address climate change

- **Carbon Finance** = a branch of Climate Finance, and is a general term applied to resources that are directed to projects that are generating or are expected to generate greenhouse gases (GHG)/ carbon emission avoidance, reductions or removals in the form of the purchase of such performance
    - Supply chain/ SBTs valorisation pathway (on-farm projects)
    - Voluntary carbon credits valorisation pathway (off-farm projects)

- **State of the market:**
    - Broad across compliance and voluntary regimes
    - Well developed globally
    - Continuously growing and evolving at pace

Status of global climate finance

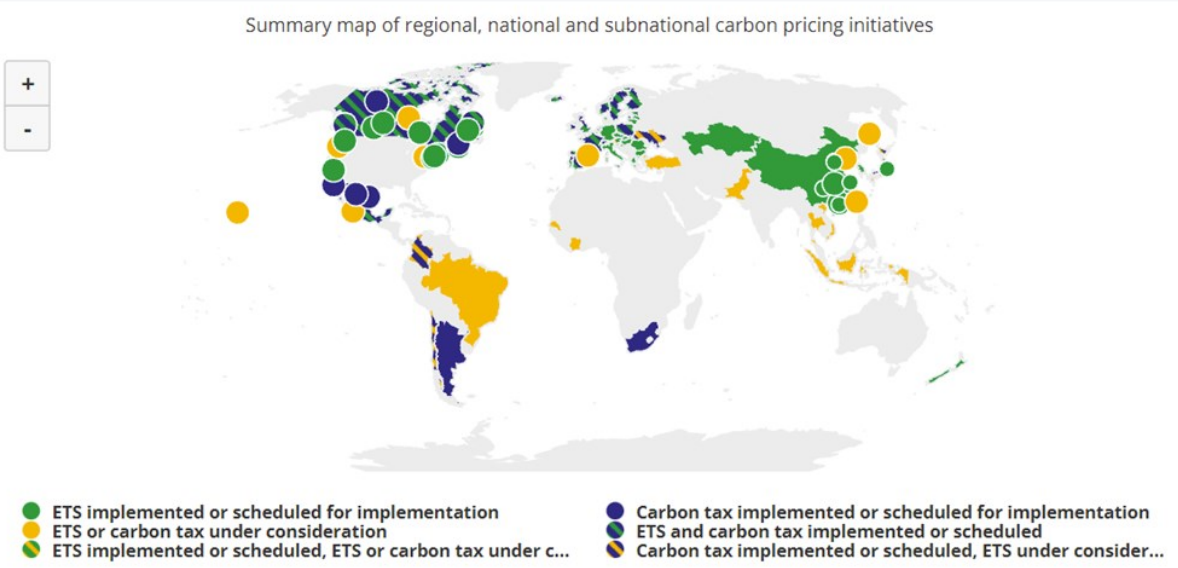
- **Global climate finance flows reached $632 billion in 2019/2020**, but with tepid growth rate
- Current investment levels are **nowhere near enough to limit global warming to 1.5 °C**
- **Achieving net zero will require all public and private actors to align their finance with Paris goals**
- **A majority of climate finance went to mitigation**, but adaptation finance is gaining momentum

Status of the carbon compliance market

KEY STATISTICS ON REGIONAL, NATIONAL AND SUBNATIONAL CARBON PRICING INITIATIVE(S)

64	Carbon Pricing initiatives implemented
45	National Jurisdictions are covered by the initiatives selected
35	Subnational Jurisdictions are covered by the initiatives selected

In 2021, these initiatives would cover **11.65 $GtCO_2e$**, representing **21.5%** of global GHG emissions



Source: World Bank Carbon Pricing Dashboard

Status of the voluntary carbon markets

- The volume of traded voluntary carbon credits hit record volumes of **188m tCO2e in 2020**, easily setting a new high bar (**+80% from 2019**)

  → Likely to become **250m tCO2e for 2021**

- The **total value of the market tracked in 2020 was USD 473m**

  → Likely to exceed **USD 1bn in 2021**

- The **global average carbon credit price around USD 3.13 in 2021**

  → **Forestry and Household Devices projects are experiencing rising prices** as such projects also generate significant SDGs co-benefits

What do we mean by Nature Finance?

- **Nature Finance** = financing that is used to fund activities that improve the state of other natural resources i.e. improving biodiversity or stewardship of water

- A **more nascent form of natural capitals investment but rapidly growing**:
  - New UN Global Framework for Managing Nature and its 2030 and 2050 targets
  - New Science Based Target for Nature
  - New Task Force on Nature-related Financial Disclosure (similar to TCFD for climate)

Water Finance

- Typically confined to state and municipal led **infrastructure and landscape projects applied at watershed level**

- A 2016 Forest Trend and Ecosystem Marketplace report presented that in 2015:
  - **Governments, water utilities, companies, and communities spent nearly USD 25bn on payments for green infrastructure for water**
  - **419 programs in 62 countries** invested in the natural ability of forests, wetlands, grasslands, and other ecosystems to ensure clean, reliable water supplies for cities and communities, and to combat threats from rapid urban expansion and agricultural pollution
  - Green infrastructure payments protected, rehabilitated, or **created new habitat on more than 486m hectares of land around the world, an area nearly 1.5 times the size of India**
  - These programs **paid nearly USD 16bn to landholders to reward good stewardship**

Biodiversity Finance

- Similarly a 2017 Forest Trend and Ecosystem Marketplace report on the “State of Biodiversity Mitigation” presented:
    - **Nearly a hundred biodiversity offset and compensation policies were active in 33 countries around the world in 2016**
    - Collectively, these programs have **restored, recreated, and protected important habitats on more than 8.3m hectares** - roughly the size of Austria
    - Most of these projects have been **triggered by national/ regional regulatory requirements related to biodiversity impact and compensation management**
    - Nearly **two-thirds of the costs of these conservation efforts have been paid by the private sector**, primarily the energy, transportation, and mining/minerals sectors

Landscape of Climate & Nature Finance

Institutional financing

- UN agencies
- Development banks
- National governments and Development Agencies
- Institutional investors/ International funds

Blended finance:
Concessional finance from institutional sources to make climate and nature financing more viable and draw in private capital.

Climate and carbon finance is well established globally with many mechanisms and markets, and it is continuing to scale up rapidly

CLIMATE AND CARBON

- Debt financing: green bonds, carbon/ sustainability-linked loans
- On-farm/ SBTs/ Supply Chain carbon
- Country carbon programs and benefit sharing schemes
- Off-farm carbon, in/offsetting
- Impact investment

The markets for water and biodiversity are rapidly emerging

- Payment for Watershed/ Ecosystem Services
- Water funds

WATER

BIO DIVERSITY

- Payment for Ecosystem Services
- National Biodiversity compensation/ offsetting programs
- Voluntary Biodiversity credit schemes

How Climate & Nature Finance can help?

- **The cocoa & Chocolate sector is currently implementing significant regenerative programs at farm and landscape levels**
  - → CFI
  - → Net Zero and SBTs
  - → Other commitments/ purpose eg increase yield, enhance resilience

- **Climate & Nature finance is a new source of co-financing**, bringing an additionality to the traditional investment programs (**potentially 20-40% co-financing**)

- **At the same time it generates new value for Governments, and farmers and their communities**
  - → Support governments reach NDCs/ national REDD+ programs objectives and generate new revenue stream
  - → Help make cocoa farming more resilient and sustainable, and generate a new revenue stream for farmers and communities (~ +8% to the annual revenue)

Deep Dive 1 & 2 sessions

Photo by Cacao Forest: Cocoa landscape in Ghana

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Focus on two types of carbon projects and valorisation pathways

We will address the two main types in the following “Deep Dives”

- ***Deep Dive 1:* On-farm carbon projects**

  → Carbon reductions and removals can **count towards SBTs and potentially call for a “low carbon premium” (decarbonisation)**

- ***Deep Dive 2:* Off-farm/ Landscape & community carbon projects**

  → Carbon avoidance, reductions and removals can be sold in the **voluntary carbon markets/ similar carbon credit scheme for climate neutral/ net zero claim (compensation/ neutralisation)**

Deep Dive 1

The carbon finance options related to the supply chain/ SBTs carbon reduction impact

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Science-Based Targets (SBTs) Framework

- SBTs are designed to **promotes best practice for carbon emission reductions and net zero targets** in line with climate science
- SBTs criteria and guidelines developed by **the Science Based Target Initiative (SBTi)**, a partnership between CDP, the UN Global Compact, WRI and WWF
- **SBTs are set in relation to scope 1/ 2, as well as Scope 3** when it represents >40% of total footprint
- **Need to align to 1.5°C/ Well Below 2°C. 80% decarbonisation by 2050 latest**
- Executives say that committing to science-based targets has **boosted reputation (79%), innovation (63%) and investors confidence (52%)** (SBTi survey, 2018)

More than 2,000 companies committed to SBTs including:

ALDI, BARRY CALLEBAUT, DENNER, ECOM, LIDL, Lindt, MIGROS, Mondelēz International, Nestlé, Olam

On-farm carbon projects

- **Only on farm land**
- Actions such as **zero deforestation, better fertiliser use, agroforestry & inter-cropping, better soil management**
- **Carbon removals are now becoming eligible to deliver SBTs**
- Launch of the **FLAG SBT target in March 2030** to recognise agriculture specificities

On-farm carbon projects

Carbon accounting, reporting and valorisation

- The implementation of the climate-smart farming practices deliver **a lower carbon emission factor that can be used in your footprint/ reported to the value chain partners**

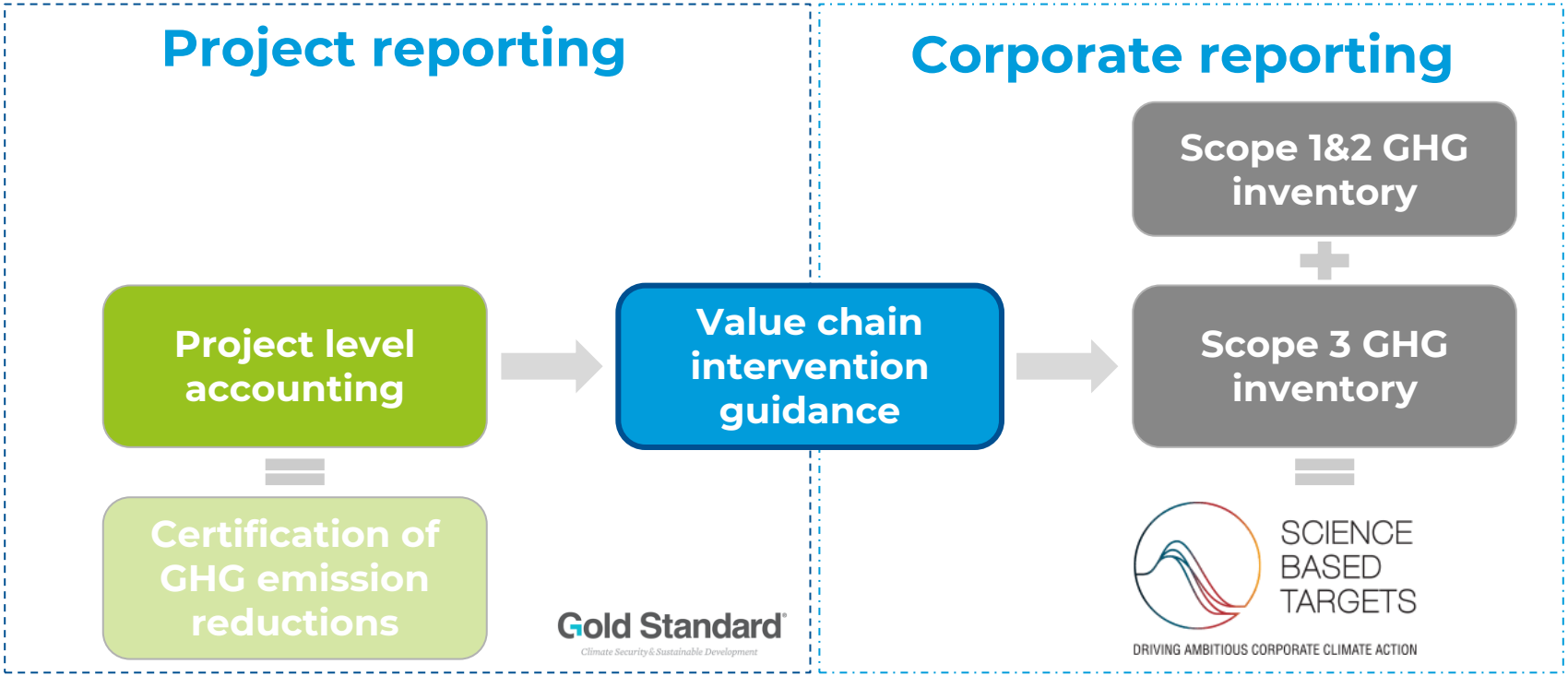
- **No SBTi MRV requirements yet (but in development)**

- **Principal tools and standards** to assess, verify and report the cocoa carbon emission factor include:
  - The **GHG Protocol** (updated version in Q4 2022)
  - **The Cool Farm tool** and other similar farm level carbon footprint tools
  - **ISO 14064**
  - **The Gold Standard Value Chain Intervention Standards**
  - **The carbon standards** such as the Verra VCS, Gold Standard and Plan Vivo

- **Valorisation of the carbon impact still nascent and B2B. A space for innovation and collaboration. Emerging concept of a “low carbon cocoa premium”**

On-farm carbon projects

Project reporting & corporate reporting



BARRY CALLEBAUT · BEN & JERRY'S · Cargill · DANONE · MARS · L'ORÉAL · PEPSICO · TARGET

Selected SBTs case studies

Nestlé's 2050 Net Zero strategy and 1.5C SBTs for Scope 1/2/3.

To realise this ambitious target, Nestlé has numerous pilot initiatives in key sourcing locations, including climate smart cocoa farming and forest reforestation in Côte d'Ivoire

Barry Callebaut has committed to reduce absolute Scopes 1, 2, and 3 GHG emissions by 35% by 2025; and become carbon & forest positive by 2025.

In 2019/20, it successfully reduced its carbon footprint by 8.1% as well as led the testing and implementation of innovative industry-wide carbon reduction methods across its value chain.

Q&A

Deep Dive 2

The carbon finance potentials to be generated through carbon in/offsetting credits

Tropical mixed land restoration, Panama

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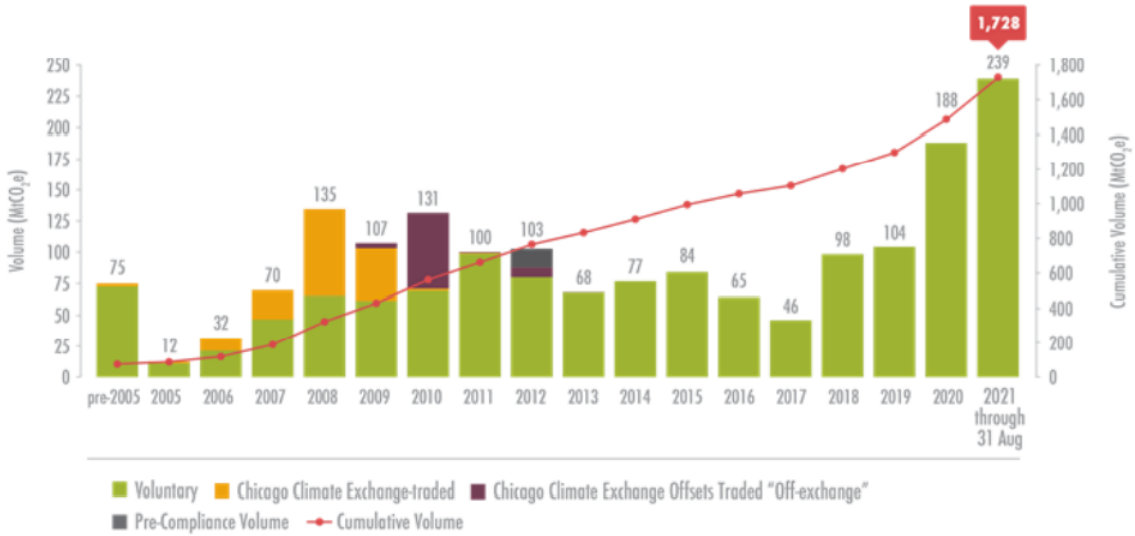
Voluntary Carbon Markets: market status

20 years of experience
Currently scaling up rapidly worldwide and across sectors

Figure 2. Market Size by Traded Volumes of Voluntary Carbon Offsets, pre-2005 to 31 August 2021



Source: *Ecosystem Marketplace, a Forest Trends Initiative.*

Voluntary Carbon Markets: types of projects

- **The carbon credits generated by certified carbon projects are sold to buyers in the relevant voluntary carbon markets**, and as a result retired from the relevant carbon standard registry

- **More than 2,000 carbon** projects across types of technologies/ projects and geographies worldwide. However, **still seldom across cocoa landscapes around the world**

- Off-farm carbon projects for the cocoa sector are typically associated to either:
  - **Forest conservation, reforestation, afforestation projects (REDD+)**
  - **Wetland restoration projects**
  - **Community projects such as cookstove, water filter, biomass to energy projects**

- **Insetting** = carbon credit project close by/ connected to your supply chain

  Offsetting = carbon credit project not connected/ related to your supply chain

Voluntary Carbon Markets: carbon standards

- **The main carbon standards** are the **Verra VCS standard and the Gold Standard**
- **Carbon projects must demonstrate that their carbon emissions are**:
  - **Real**: The project removes or prevents GHGs from entering the atmosphere
  - **Measurable**: The volume of GHGs can be accurately measured
  - **Additional**: The project must not be able to be built or operate without the revenue from carbon credits. The project must go beyond regulatory requirements
  - **Permanent**: Carbon credits must represent permanent emission reductions and removals for 100 years.Where projects carry a risk of reversibility, at minimum, adequate safeguards must be in place
  - **Verifiable**: A neutral, third party auditor verifies the offset project regularly
  - **Unique**: Only one carbon credit can be associated with a single reduction or removal of 1 tonne of CO2e, no “double counting”. Carbon credits must be stored and retired in an independent registry
- Recent development of the **REDD+ jurisdiction initiative called The Architecture for REDD+ Transactions (ART)** and its standard called The REDD+ Environmental Excellence Standard (**TREES**). **The LEAF Coalition** launch in spring 2021 to support this development and commit to the purchasing of such carbon credits

Selected off-farm projects case studies

FORM Ghana: reforestation of degraded forest reserves

To reforest 15,000 hectares of degraded forest reserves in Ghana. First iteration is to deliver a carbon reduction & removal impact of ~361,000 tCO2e over the 40 year crediting period.

Siat Goin Debe forest in Ivory Coast: forest conservation and rehabilitation

Initial stage of HCV/ HCS analysis, new rural development options development, and climate finance feasibility analysis. Considering climate finance for forest conservation and rehabilitation.

Mondelez Ivory Coast: cookstoves project

The use of firewood for cooking generates carbon emissions and affects the health of many people, in particular women. By replacing traditional woodfired stoves with more energy efficient ones, Mondelez is both saving emissions and improving livelihoods.

Rabobank "Acorn" program:

By leveraging digital technologies, Rabobank is connecting smallholder farmers with the carbon offset markets, enabling economic empowerment and income diversification.

Picture source: FORM Ghana, ree nursery with ingidinous species that will be used in offsetting projects

Q&A

Other types of climate and carbon finance schemes

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National Carbon/ REDD+ Programs and Benefit Sharing Schemes

- Many cocoa sourcing countries have developed over the past 10 years **“National Carbon/ REDD+ Programs” associated to forest conservation, reforestation and afforestation**
- One of the main financing sources of such programs has been the **World Bank’s Forest Carbon Partnership Facility (FCPF)**
- These programs implement a **Benefit Sharing scheme for incentivising and rewarding** farmers, communities, companies and other organisations involved in the development and implementation of carbon impact projects
- **A new carbon finance mechanism bringing new benefits to all stakeholders**
- **Ghana has such REDD+ programme** and this will be covered in more details by **Roselyn Fosuah-Adjei, Director, Climate Change National REDD+ Focal Point, Forestry Commission of Ghana**

Other types of climate finance

West African Initiative for Climate Smart Agriculture (WAICSA)
Blended finance to promote the adoption of new, sustainable farming practices among smallholders

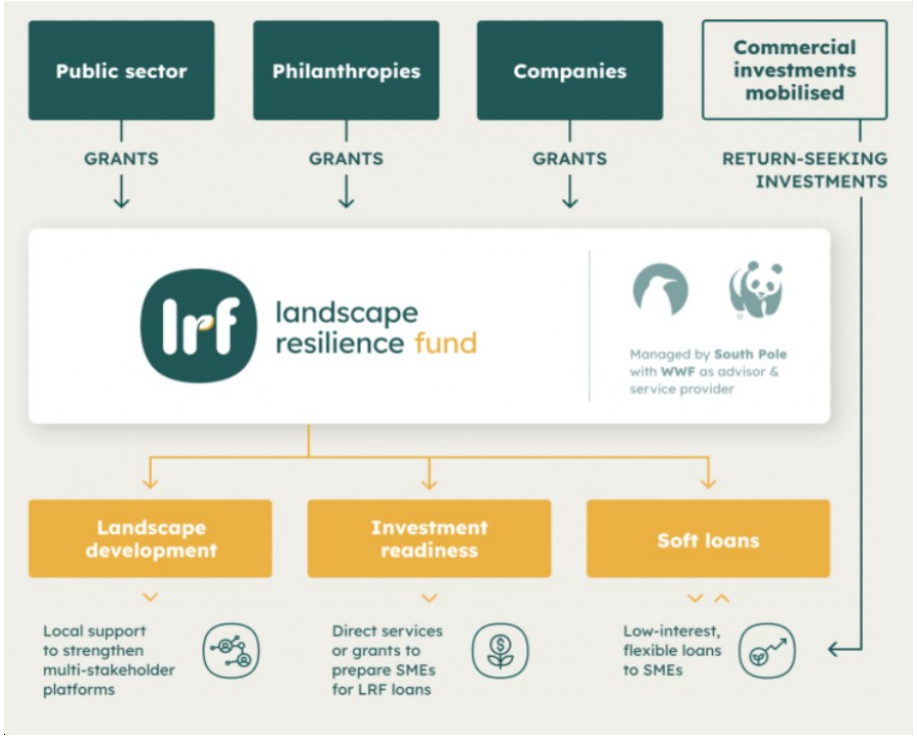
Weather Index based Risk Services (WINnERS)
Crop insurance with premiums tied to weather related risk profile for the land; thereby directly incentivising resilience building activities

African Development Bank's Adaptation Benefits Mechanism
Arranges "off-take" agreements which can acts as collateral for financing climate smart agricultural adaptations

12Tree Finance
Impact investment organising mobilizing institutional investments for sustainable land use at scale - including a regeneration project in Andean cacao regions with Mars Wrigley and ECOM

The Landscape Resilience Fund (LRF)

- Swiss non-profit foundation that **supports climate adaptation across many landscapes in the global South** (initially: Ghana & Vietnam)
- **Climate mitigation & biodiversity as co-benefits**
- Anchored by an **$25m from Chanel & $1.3m from GEF, th fund aims to crowd in $100m by 2026**
- The investment will be **directed to SMEs that support sustainable agricultural & forestry supply chains**



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Nestlé Good food, Good life

Nestlé Cocoa

Aligning activities to support Nestlé reduction in carbon emissions

Nestlé's Net Zero Roadmap

Our path to regeneration for future generations

Solving the problem means identifying the problem. We found Nestlé emitted 92 million tonnes of greenhouse gas emissions in 2018*. Now we know the extent, we know the road ahead.

* Total GHG emissions were 113 million tonnes (CO_2 equivalent) in 2018, 92 of which are in scope of our UN 1.5°C pledge.

Companies and their emissions grow over time. That's why we're promising to be net zero based on our 2018 baseline, no matter how much our company grows.

Moving faster

We're excited to hit the soil running. We're accelerating our work in manufacturing, packaging and carbon-neutral brands. We're also investing CHF 1.2 billion to help spark regenerative agriculture across our supply chain, as part of a total investment of CHF 3.2 billion by 2025.

Our milestones

- 100% deforestation free for primary supply chain by 2022
- Switch our global car fleet to lower emission options by 2022
- 100% certified sustainable palm oil by 2023
- 100% renewable electricity in all our sites by 2025
- 100% of our packaging recyclable or reusable by 2025
- 100% certified sustainable cocoa and coffee by 2025
- Source 20% of key ingredients through regenerative agricultural methods by 2025
- Cut virgin plastic in our packaging by a third by 2025
- Plant 20 million trees a year
- Nestlé Waters becomes carbon neutral by 2025

By 2025, we will reduce our emissions by 20%

Scaling up

Further down the greener path, we will invest in new technologies and fundamental changes to our products and businesses around the globe.

- Use more renewable thermal energy in our manufacturing
- Source 50% of key ingredients through regenerative agricultural methods by 2030
- Plant 200 million trees by 2030

By 2030, we will reduce our emissions by 50%

Delivering our promise

Advanced agricultural techniques will deliver a regenerative food system at scale, supported by zero emission logistics and company operations. We will balance any remaining emissions through high-quality natural climate solutions that benefit people and the planet.

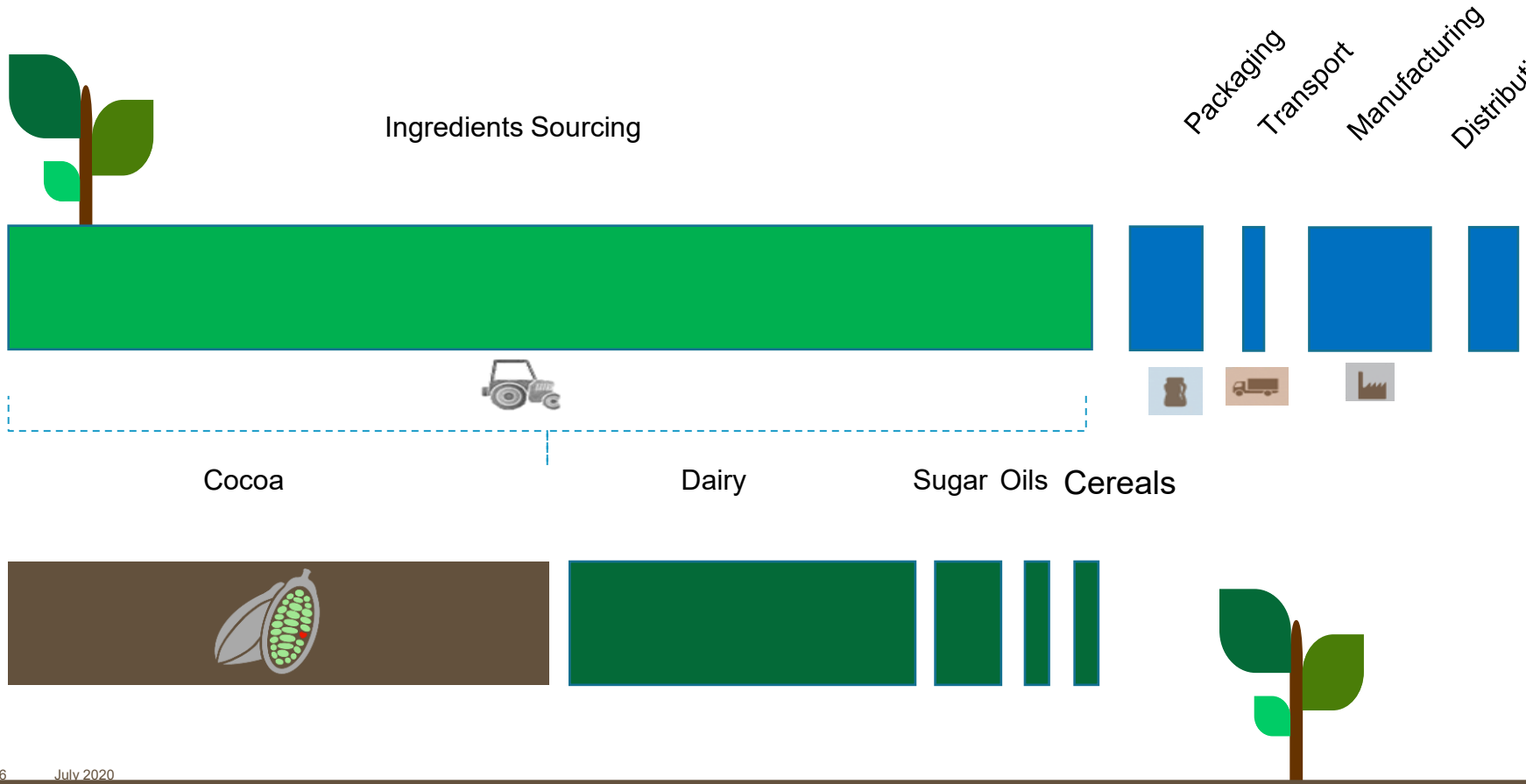
By 2050, we will reach net zero

Path to zero emissions by 2050

Business as usual

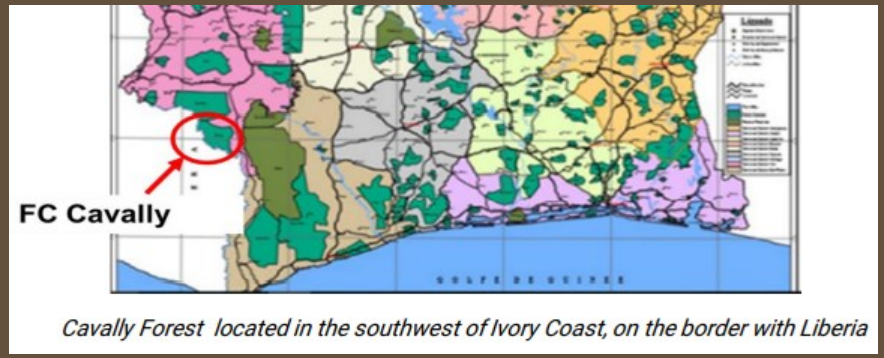
2018 2021 2025 2030 2050

CONFECTIONERY CARBON EMISSIONS – COCOA HAS BIGGEST IMPACT



Cavally forest, home to thriving ecosystems & resilient communities

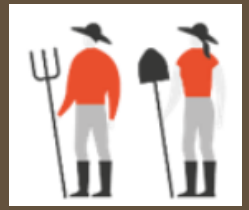
This project should serve as an example of how sustainable cocoa and forest landscapes can be built in Cote d'Ivoire



Cavally Forest located in the southwest of Ivory Coast, on the border with Liberia

Area of 67,541 Ha
Home to chimpanzees and pygmy hippopotamus
The remains of the Upper Guinean Forests, a biodiversity hotspot under threat that spans Ivory Coast, Liberia, Guinea and Sierra Leone
An unknown number of people have settled illegally within the forest reserve

Cavally Forest protected and restored in active collaboration with local people, increasing carbon stock and biodiversity



The human rights of the people around Cavally reserve are respected. Farmers around the reserve strengthen their resilience

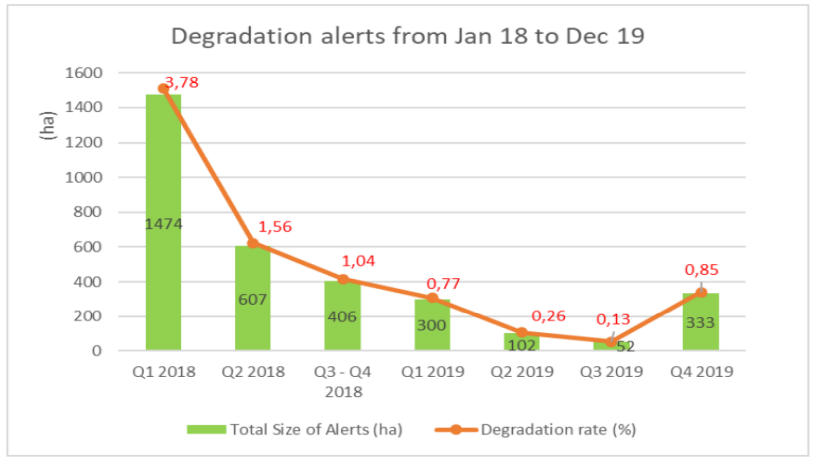
Cavally Landscape is sustainably producing cocoa and other raw materials through a multi-stakeholder approach, and inspiring others

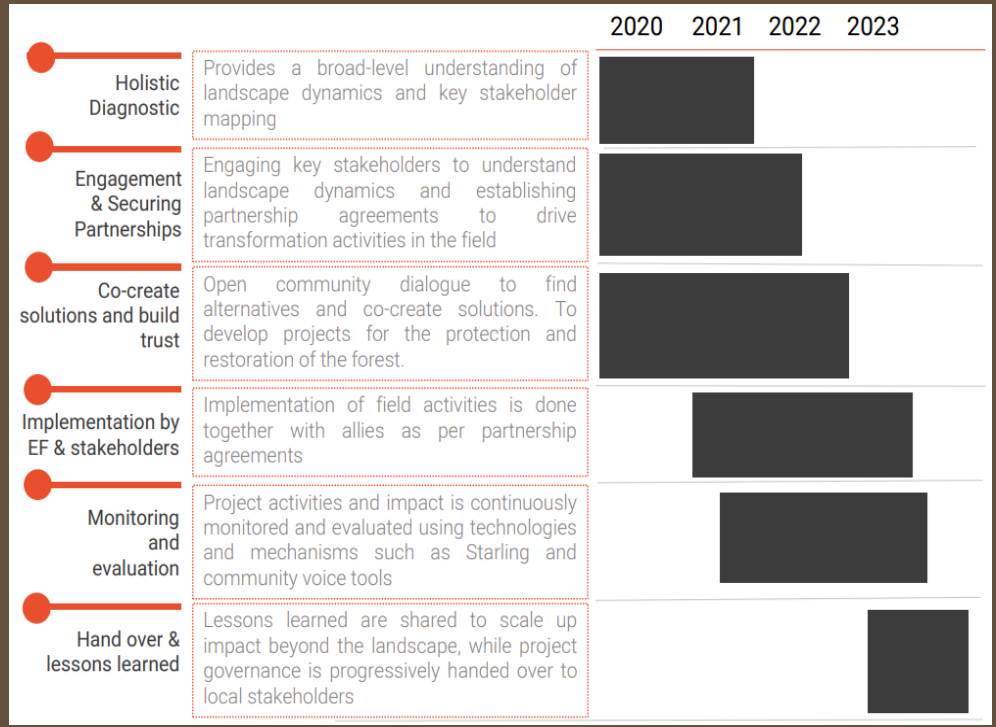
Cavally forest, home to thriving ecosystems & resilient communities

Impact of monitoring the Cavally forest and action plan for the future

Working with Earthworm, SODEFPR, STBC, EAUX ET FORETS, Cavally Council

Starling monitoring and the associated SODEFOR patrols resulted in 83% reduction of deforestation when comparing Q2 2018 to Q2 2019. Maintaining this remains a challenge and deforestation rates have increased again at the end 2019.





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Deliverables & Indicators

Deliverables

- ✓ Enriched and shared the existing Cavally Forest map
- ✓ Holistic rural diagnostic carried out in and around the Cavally forest
- ✓ Participative restoration plan
- ✓ Land use plan
- ✓ Quarterly report on state of the project
- ✓ Communication materials to inspire scale up

Indicators

Will be finalised during the first phase of the project but will include:

Protection and restoration of Cavally forest
% Deforestation rate (Ha/year)
# Ha forest conserved
# Ha forest restored
# tons of carbon stored per year
# communities involved in forest conservation and restoration

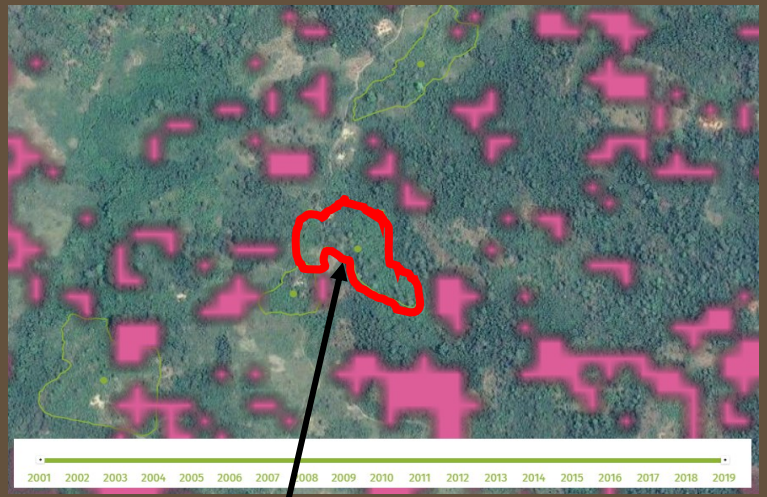
Resilient farmers and communities at the periphery of reserve
farmers transitioned to new lands or alternative incomes
farmers with stable or increased revenues
Ha of established agroforestry cocoa plantations
tons of cocoa beans coming from the project

Scaling up
stories / case studies

IMPROVING PRIMARY CARBON DATA FOR COCOA

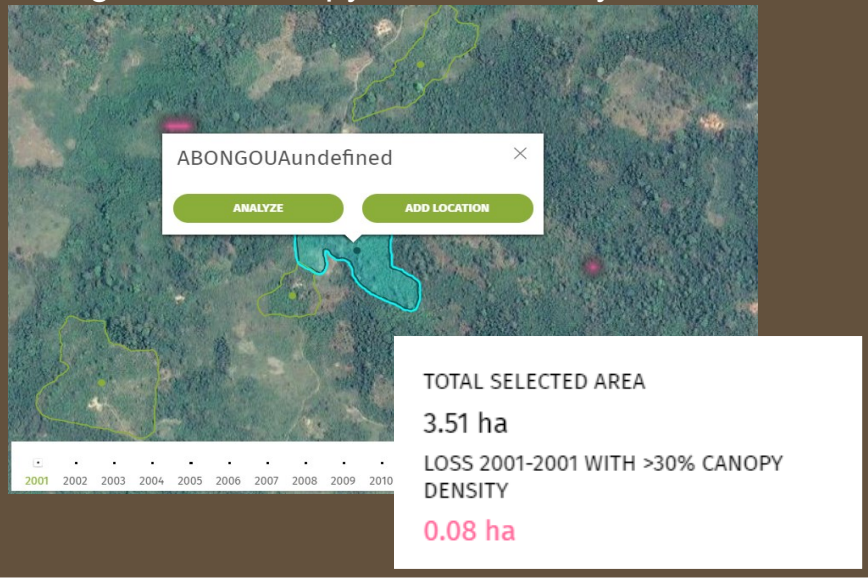
Mapping farm boundaries into the Global Forest Watch platform

The image shows deforestation but the Cocoa Farm in red has little evidence



Single Polygon

Analysis of the polygon shows only 3% change to the canopy in the last 18 years

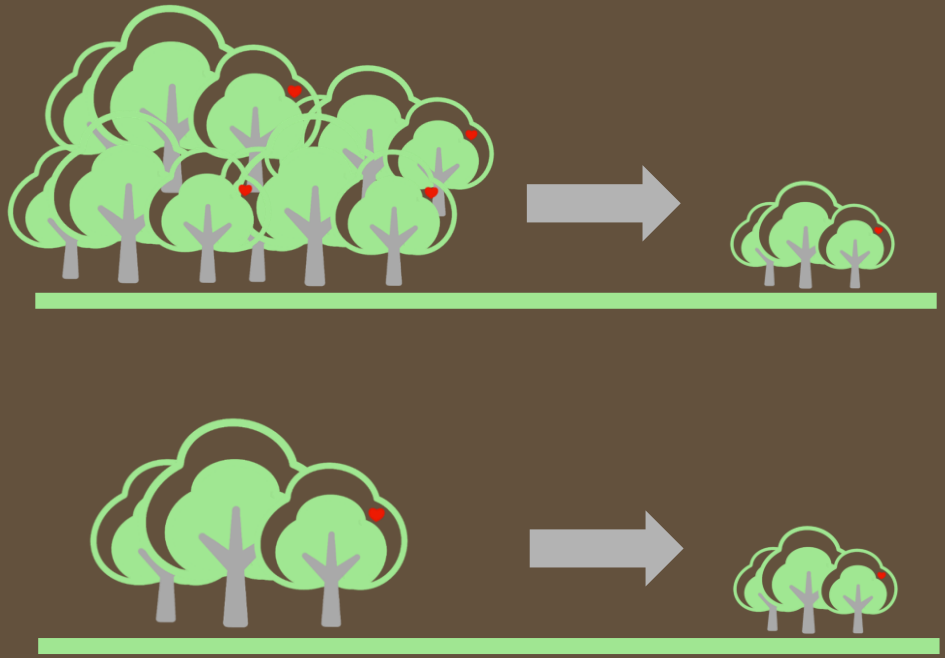


Research and Development

IMPROVING PRIMARY CARBON DATA FOR COCOA

GFW measure forest loss in two ways

Primary Forest Loss or Other Forest Loss



Primary forest converted to Cocoa farm

Calculate LUC CO_2e emissions using standard conversion factor for forest to perennial

716 t CO_2e/ha (FAO EX-ACT) *

*Need to reconfirm these, UN-FAO EX-ACT tool has been undergoing some updates recently.

Secondary forest converted to Cocoa farm

Calculate LUC CO_2e emissions using standard conversion factor for forest to silvopasture to perennials

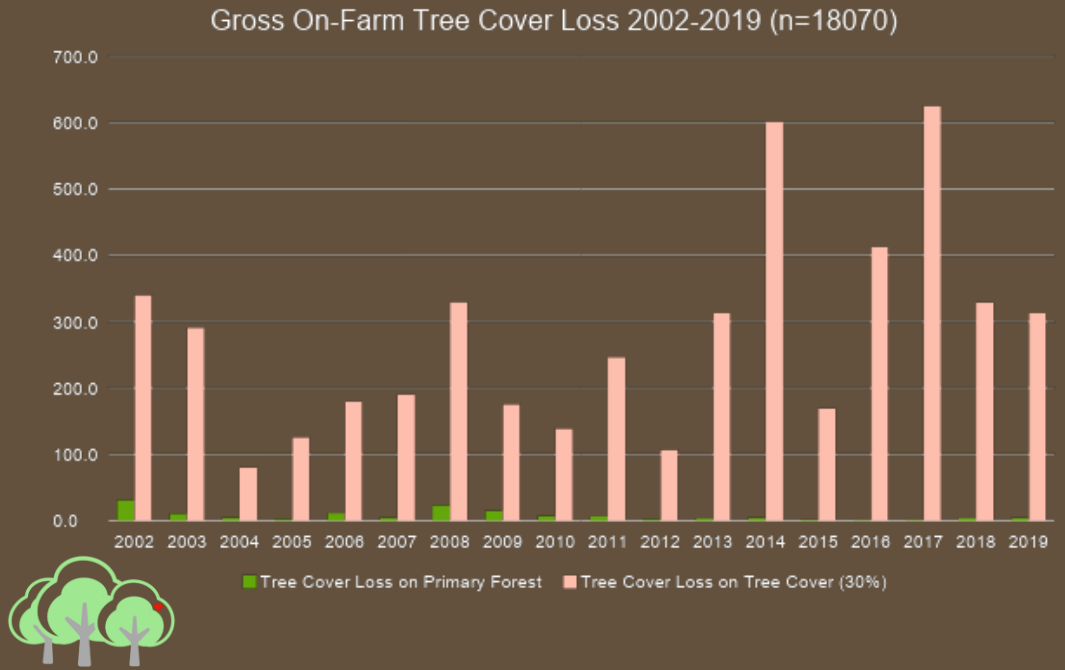
107 t CO_2e/ha (FAO EX-ACT)

Note: Average cocoa yield assumed to be 555kg/ha

Research and Development

IMPROVING PRIMARY CARBON DATA FOR COCOA

Example Land use change measured in 18,000 polygons from Cote d'Ivoire



Total of 9.3% Cover loss + Primary

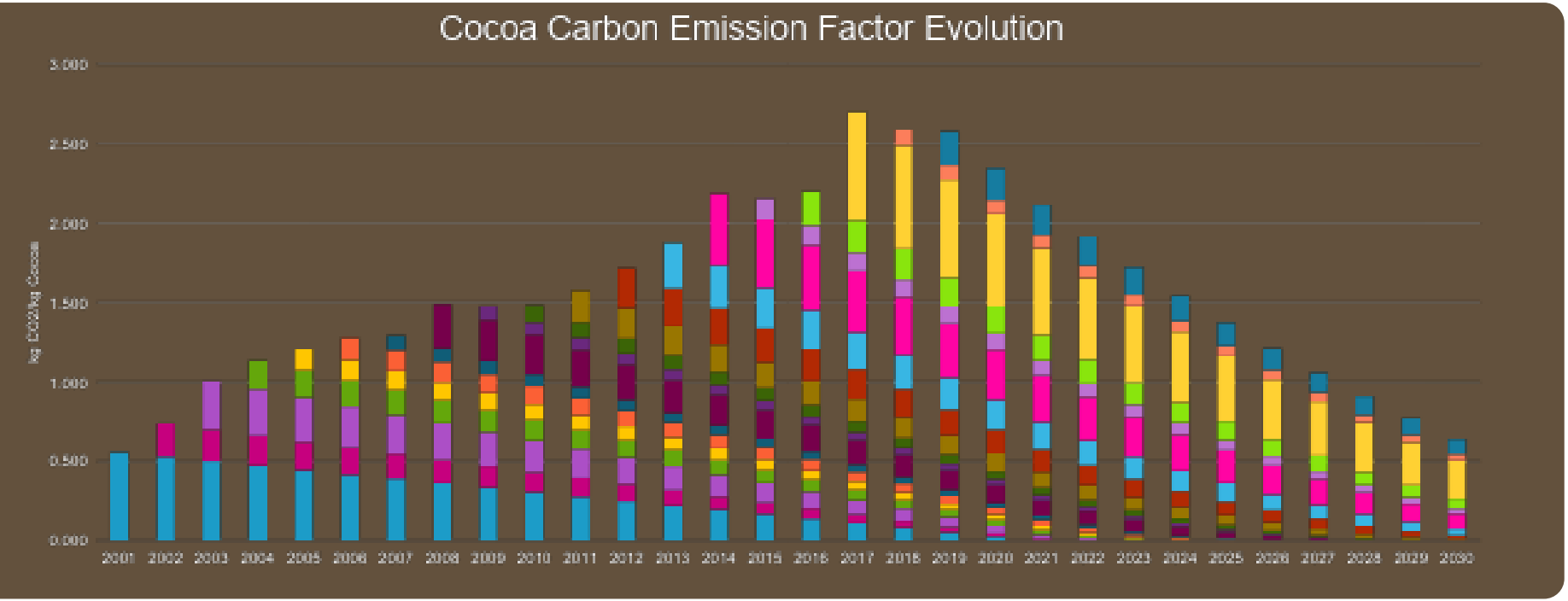
Total of 0.25% Primary Forest Loss

Research and Development

IMPROVING PRIMARY CARBON DATA FOR COCOA

Evolution of emission factors due to loss of forest

Reductions demonstrated due to no deforestation



Research and Development

Nestlé Good food, Good life

Nestlé Cocoa

Thank you

Case Study 3

The Sankofa Project, Ghana

William Garrett

22 October 2021

south pole

Sankofa Project overview

Project partners: Kuapa Kokoo Farmers Union, Halba, Swiss Coop, Fairtrade Africa, Max Havelaar Foundation, WWF, ITC, NDF, Yam Development Council, Ecotop and South Pole

Project start date: 2019

Project duration: 33 years

Project activity: Reforestation with cocoa farmers using a dynamic agroforestry (DAF) system (cocoa, other crops, timber, biomass and fruit trees)

Project area target: 400 hectares

Number of farmers: 400

Location: Ghana

Certification: Gold Standard for Global Goals: Pathway 2, impact statements only

Project activity: Dynamic Agroforestry (DAF)

DAF combines planting trees (timber, fruit and biomass) together with other food crops (yam, coconut) and cocoa.

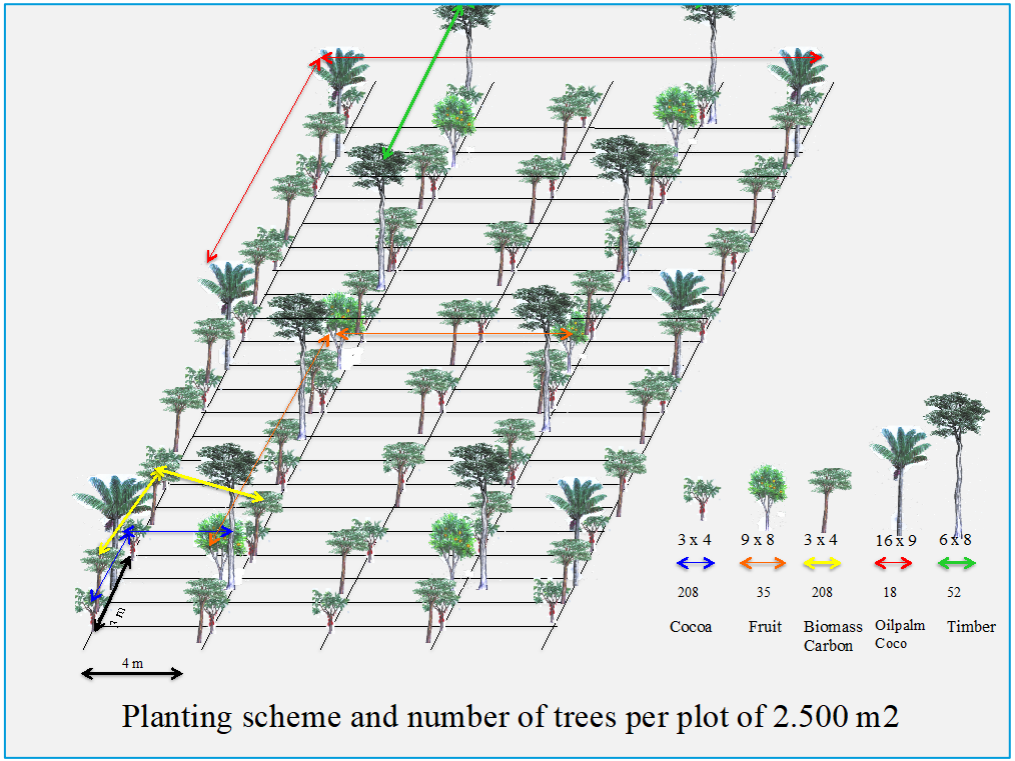
DAF plots are established progressively: 0.25 ha per year over 4 years, to reach 1 ha of DAF per particpating farmer.

Training in DAF is provided by ECOTOP, through Faitrade Africa, KKFU Internal Coordinating Officers (ICOs) and lead farmers.

Farmer benefits: Income diversification, increased cocoa yield and greater food security.

Environmental benefits: Reduced deforestation, new habitat creation, soil conservation and no use of chemical inputs.

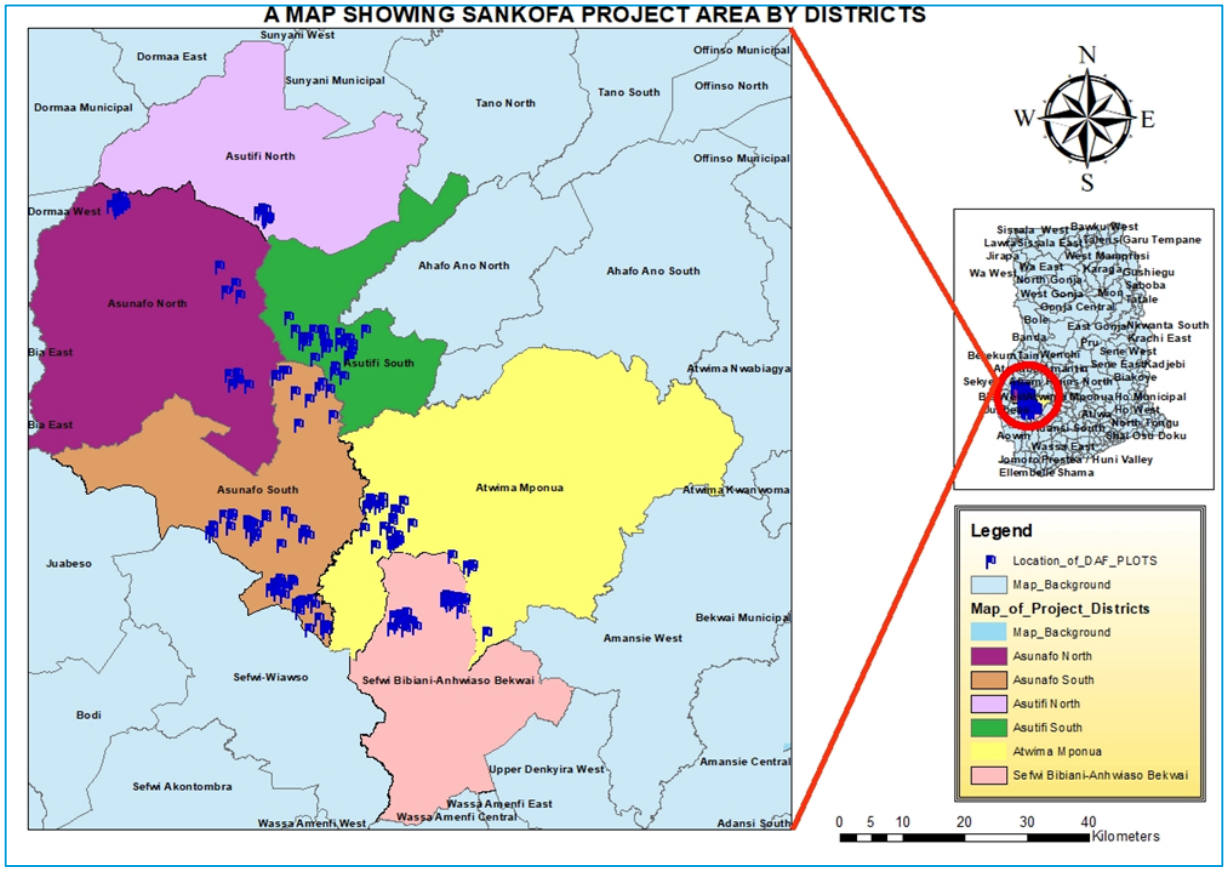
Supply chain benefits: Enhanced farmer resilience and secure cocoa supply.



Planting scheme and number of trees per plot of 2.500 m2

Source: Ecotop

Project location



All particpating farmers are members of **Kuapa Kokoo Cooperative Cocoa Farmers and Marketing Union Limited (KKFU)**

Over **100,000** members

377 farmers currently involved in the establishment of DAF plots

168 hectares of DAF plots established

Additional **120** ha. planned for 2022.

MoU between South Pole and the Forestry Commission of Ghana

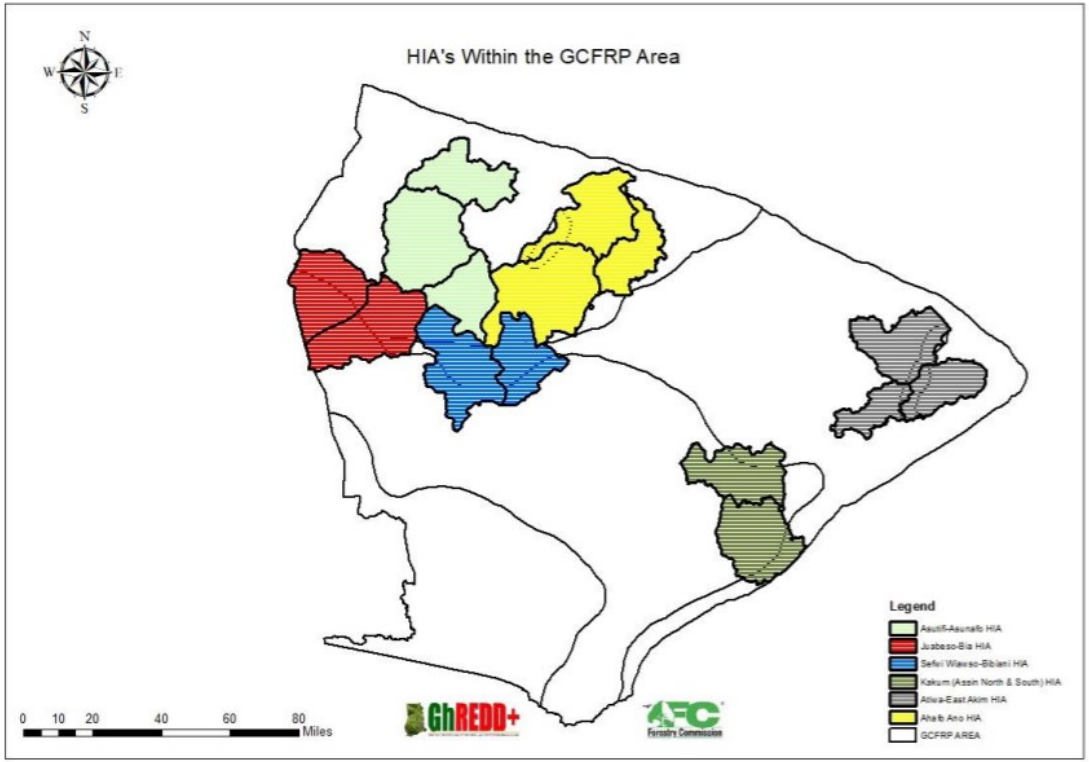
The Sankofa project areas are located inside the boundaries of the Ghana Cocoa Forest REDD+ Programme (GCFRP) area.

In April 2021, South Pole (acting as Project Representative to the Gold Standard) signed a Memorandum of Understanding (MoU) with the Forestry Commission of Ghana for the purpose of "working collaboratively towards the realisation of the common objectives of both parties" i.e. the supply tree seedlings to farmers and provision of alternative livelihood options.

South Pole has committed not to issue any carbon credits (GS VERs) at least until the end of 2025.

South Pole will therefore certify the project with Gold Standard for Global Goals: Pathway 2, impact statements only. The project design, reporting, monitoring and verification are the same as for a normal cycle Gold Standard Afforestation / Reforestation (AR) project in every other way except that there will be no issuance of GS VERs.

Sankofa project overlaps with HIAs



The Sankofa Project areas overlap 3 HIAs:

Asutifi–Asunafo HIA (Asutifi North, Asunafo North and Asunafo South)

Sefwi Wiawso–Bibiani HIA (Sefwi Bibiani)

Ahafo Ano HIA (Atwima Mponua)

Outside the HIAs but still in the GCFRP: Asutifi South

*Source: **Forest Carbon Partnership Facility (FCPF) Carbon Fund ER Monitoring Report (ER-MR) (2021)***

Gold Standard timelines

- ✔ Feasibility study in 2018
- ✔ Project start date in 2019 (Carbon 'prior consideration' before this date)
- ✔ Local stakeholder consultation (first round) completed in early 2020.

- ❑ The stakeholder feedback round is still ongoing
- ❑ GS preliminary review due to start before end of 2021
- ❑ GS Project design certification (validation) targeted for 2022
- ❑ First verification and design certification renewal schedule for late 2023
- ❑ Second verification 2028

SDG 13: Climate impacts (NO GS VERs)

- **25,000** tCO2 emission reductions by 2028
- **75,000** tCO2 emission reductions over project lifetime (33 years)

SDG 2. Zero hunger.

Indicator: 400 ha agricultural area under productive and sustainable agriculture:

SDG 15. Life on land.

Indicator: 400 ha forested area

Project challenges

Challenge description	How to resolve
Selecting farmers to participate that are willing to implement DAF over 30+ years with suitable land availability	• Awareness raising campaigns • Stakeholder engagement • Farmer selection criteria
Identifying land areas that are eligible based on proof of having been non-forest land use for the past ten years	Remote sensing supported by obtaining data of all pre-existing trees / stumps from all potential project areas
Complex baseline stratification	Farmer survey to define 3 main pre project land uses: cocoa, fallow, annual crops
Lack of data to develop predictive models of tree growth rates and future carbon sequestration	• Literature search • Data collection from the ground • Benchmark against other similar project activities
Dispersed project area	Collaborative work with KKFU ICOs and all other partners to coordinate activities
Proof of land tenure or secure user rights	Engagement with traditional farmers and use of farmer agreements
Safeguards	Inclusion of women (38%) and no child labour (as per farmer agreement)
How to achieve impact at scale	Knowledge sharing and proof of concept

Activities	Timing	Speakers
Introduction: workshop objectives and deliverables	**13:30 - 13:45**	**Filippo Veglio, President SWISSCO and Christian Robin, Executive Director SWISSCO**
Part 1: Update on the overall Climate and Nature Finance world	**13:45 - 14:35**	**Facilitated by South Pole**
Introduction to Climate & Nature Finance, overview, relevance to the cocoa & chocolate sector and key definitions	13:45 - 13:55	Florent Dji, South Pole
Deep dive 1: the carbon finance options related to the supply chain/ SBTs carbon reduction impact	13:55 - 14:15	Dominique Gangneux, South Pole
Deep dive 2: the carbon finance potentials to be generated through carbon in/offsetting credits	14:15 - 14:35	Dominique Gangneux, South Pole
Part 2: Experiences from the field	**14:35 - 17:00**	**Facilitated by Earthworm**
Case Study 1: Nestlé	14:35 - 14:55	Conor MacMahon, Global Climate Delivery Manager Ryan McNeill, R&D Sustainability Lead - Global confectionery category
Case Study 2: Barry Callebaut	14:55 - 15:15	Geza Toth, Global Lead, Thriving Nature, Carbon and Forest Program, Barry Callebaut
Case Study 3: Chocolat Halba Ghana cocoa project's certification to the Gold Standard	15:15 - 15:35	Will Garrett, South Pole
Chocolate break	15:35 - 15:45	
Case Study 4: Colcocoa, Colombia	15:45 - 16:05	Eduardo Ocampo, Colcocoa
Case Study 5: Example of Biodiversity and Water Payment for Ecosystem Services (PES) projects	16:05 - 16:25	Liliana Martinez Sarmiento, South Pole
Climate Finance in Ghana; how is carbon finance currently being applied at the national level in Ghana and what are the potential synergies with SWISSCO members and SWISSCO's 2030 roadmap?	16:25 - 17:00	Roselyn Fosuah Adjei, Director, Climate Change National REDD+ Focal Point, Forestry Commission of Ghana
Part 3: Workshop discussions	**17:00 - 17:30**	**Facilitated by South Pole**
The potential for mainstreaming climate finance into the cocoa sector and potential SWISSCO collaborative framework to support such development	17:00 - 17:15	Christian Robin, Swissco
Overall Q&A	17:15 - 17:30	Hans Peter Egler, South Pole
Wrap up and Apero	17:30+	Christian Robin, Executive Director SWISSCO

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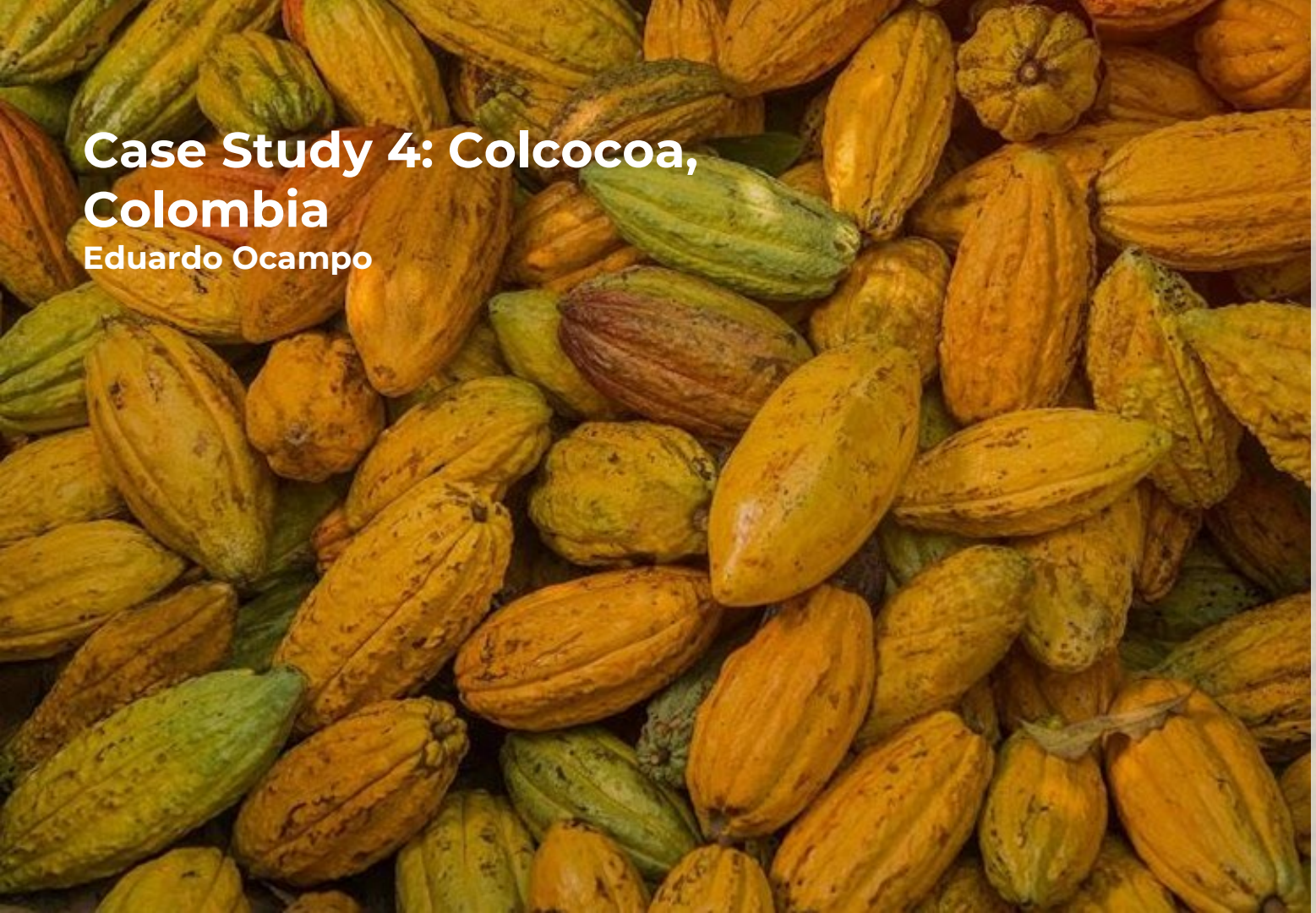
Case Study 4: Colcocoa, Colombia

Eduardo Ocampo



ECHAR PA'LANTE
quality cocoa in a community that thrives

COLCOCOA

Impact Partners

¿WHAT IS **COLCOCOA**?

Colcocoa is a specialized cocoa trading company, that since 2012 partners with cocoa farmers and value chain actors to produce and supply **high-quality cocoa** from communities that prosper.

Colcocoa's proposal is based on trading quality cocoa with physical and economic transparency and a commitment to generating the impact of sustainable development aimed at the 'inclusive and connected prosperity' of the communities in which it operates.

The producers associated with Colcocoa are part of the *Echar Pa'lante* verified sustainability program.

PILLARS

- QUALITY BEANS
- DIRECT SOURCING
- POSITIVE IMPACT
- ORIGIN EXPERTISE

¿WHAT IS ECHAR PA´LANTE?

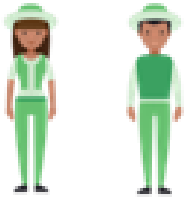
Echar pa' Lante is a verified sustainability program designed to impact smallholder cocoa producers and their communities in six interlinked areas:

Economic	Net income of 1.5 minimum wages (MW). Equivalent to the market basket.
Quality	80% of the volume is suitable for export.
Productivity	800 kg / ha per year.
Social	80% compliance with the program "Echar Pa'lante" (verifiable).
Environmental	80% compliance with the program "Echar Pa'lante" (verifiable).
Happiness	Happy communities and satisfied growers.

Code of conduct certified by CERES

plan T

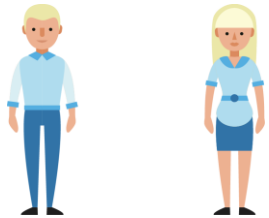
Because there is a plan, and it is about trees



✔ Easy to access

✔ Impact oriented

Direct connect



✔ Credible

✔ Impactful

Blockchain

Verified

Direct technology

Low transaction costs

"Stock vs flow"

CERES

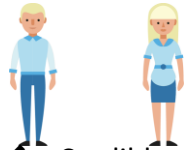
Certification of Environmental Standards Colombia

planT

Because there is a plan, and it is about trees

- ✔ Easy to access
- ✔ Impact oriented

Direct connect



- ✔ Credible
- ✔ Impactful

PlanT Friends

32 Ha of forest

29 k planted trees

5 Associated organizations

Green Furniture Concept

AIESECLife

Domaine de La Garde
BOURG-EN-BRESSE

ROTARY INTERNATIONAL

noname
but natural taste and purpose

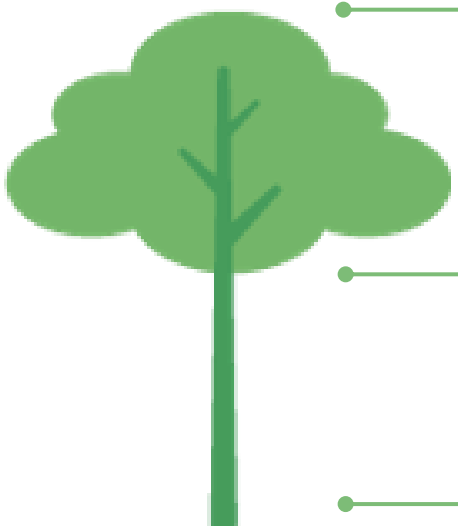
HACIENDA
LA TENTACIÓN

FINANCING ENVIRONMENTAL SERVICES

TODAY

USD 15
Per Ton CO2

USD 3.5
Per Tree



1 tree: 0.5 tons

VPN = Stock + Flow

Flow

Environmental services

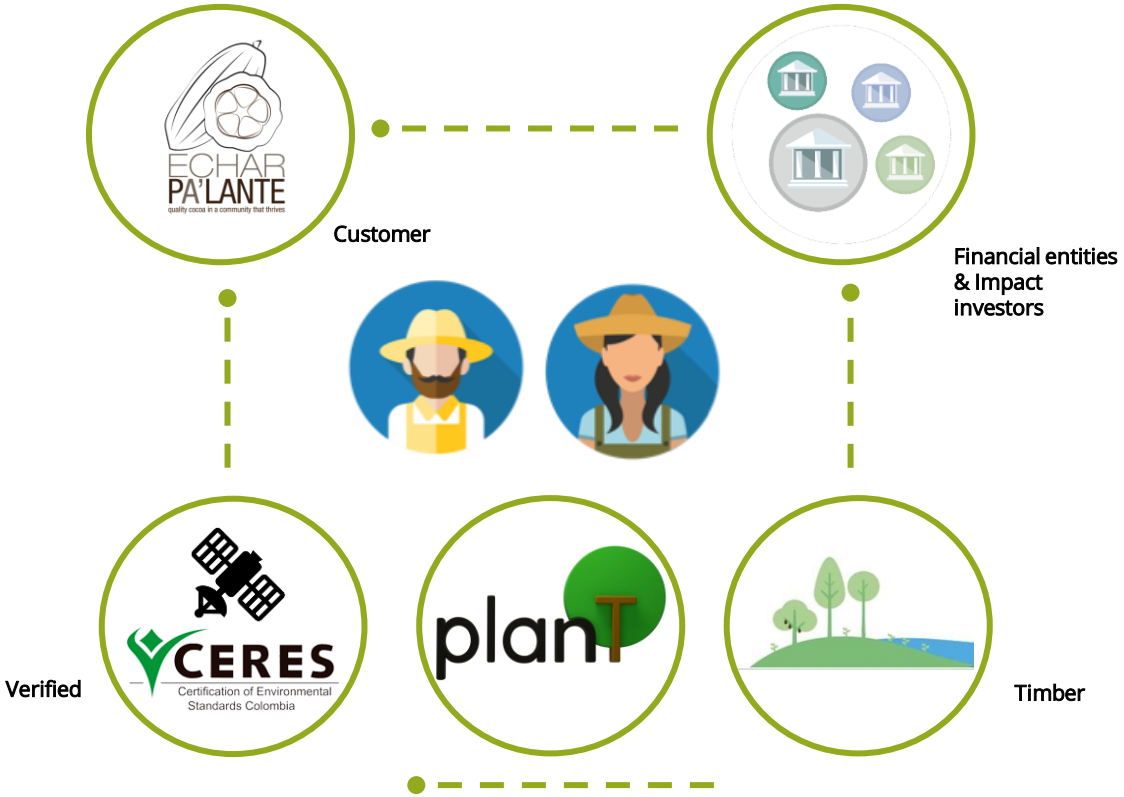
Carbon sequestration

Stock: M^3 TIMBER

plan T
Because there is a plan, and it is about trees

Participation model

NEXT STEPS GOING TOWARDS A SYSTEM



plant
Because there is a plan, and it is about trees

COLCOCOA

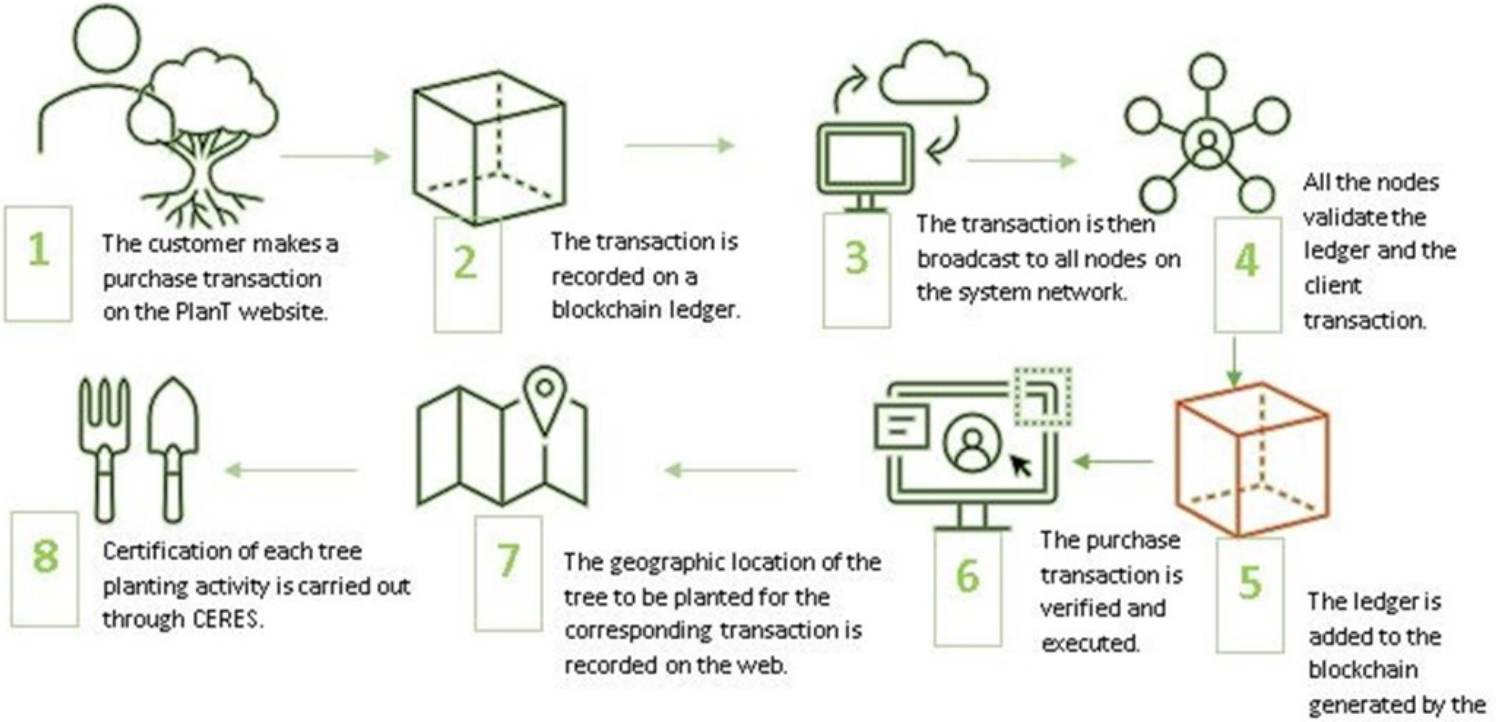
ECHAR PA'LANTE
quality cocoa in a community that thrives

Impact Partners

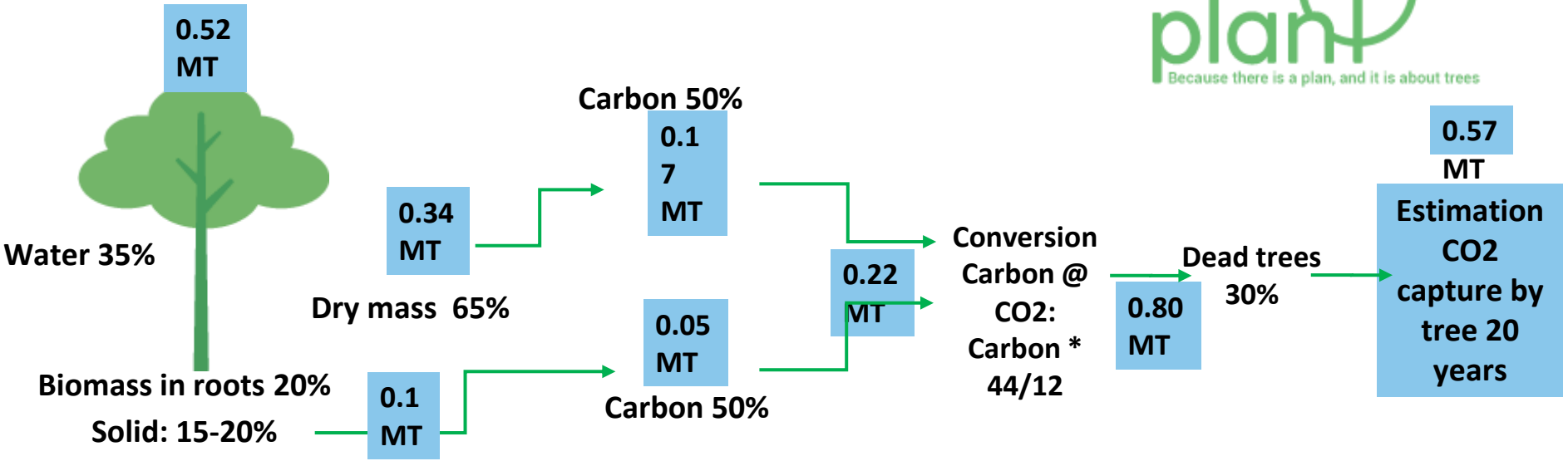
Gabriela Álvarez
gabriela@colcocoa.com
+41763469269

Eduardo Ocampo
Eduardo@impactpartners.com.co
+57 310 896 0382

WEB TECHNOLOGY



CAPTURE CO2: how do we calculate? Ex. 'ABARCO' IN CALDAS COLOMBIA.



Note estimation by PlanT: 0.2 – 0.5 MT / Tree
(Above Ground + Below Ground)
Studies university of Berna in Caldas and Antioquia

Case Study 5

Example of Biodiversity and Water Payment for Ecosystem Services (PES) projects

Liliana Martinez

22 October 2021

south pole

Emerging nature finance schemes

Biodiversity and Water

1. VOLUNTARY BIODIVERSITY OFFSETS

- Biodiversity is essential for life and the long term future of business.
- **Biodiversity offsets** can be purchased by companies and individuals who want to make investments to deliver a "***biodiversity net gain performance***".

2. PAYMENTS FOR BIODIVERSITY SERVICES AND HABITAT

- **Biodiversity PES programmes** currently exist in only a small number of countries, and the most successful initiatives depend on **regulatory drivers** that are almost always linked to compensation for biodiversity loss.
- They are costly schemes, as they require the implementation of strict **MRV systems** to demonstrate no net loss in key biodiversity indicators.

3. PAYMENTS FOR WATERSHED SERVICES

- **Clear connection between land management in an upper watershed and threats of poor water quality and flooding to downstream users**.
- **Compliance is easier to monitor** because almost all Payment for Watershed Services (PWS) programmes pay for the implemented practices, such as installing fences to keep livestock out of riparian areas, rather than performance.

What is a Payment for Ecosystem Services (PES)?

"*Those who provide ecosystem services –like any service– should be paid for doing so*".

PES are schemes implementing conservation agreements in which the beneficiaries or users of ecosystem services provide payment to the managers or providers of ecosystem services. Three items should be defined:

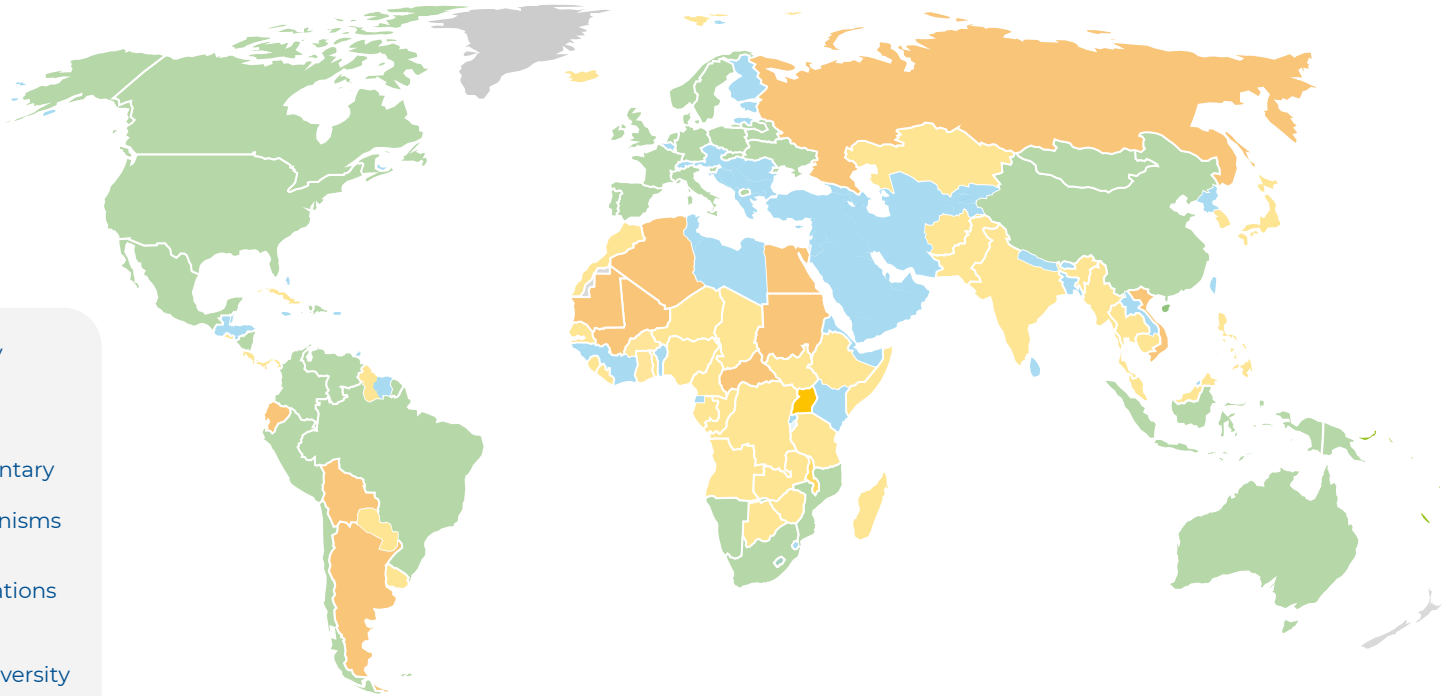
Payments (monetary or not) are made by the beneficiaries of the respective services, e.g., individuals, communities, businesses or government bodies acting on behalf of third parties.

According to TEEB, ecosystem services can be categorized in four main types:

- Provisioning
- Regulating
- Habitat
- Cultural

Guarantees the flow and provision of the identified ecosystem service through concrete conservation actions defined in the signed conservation agreement.

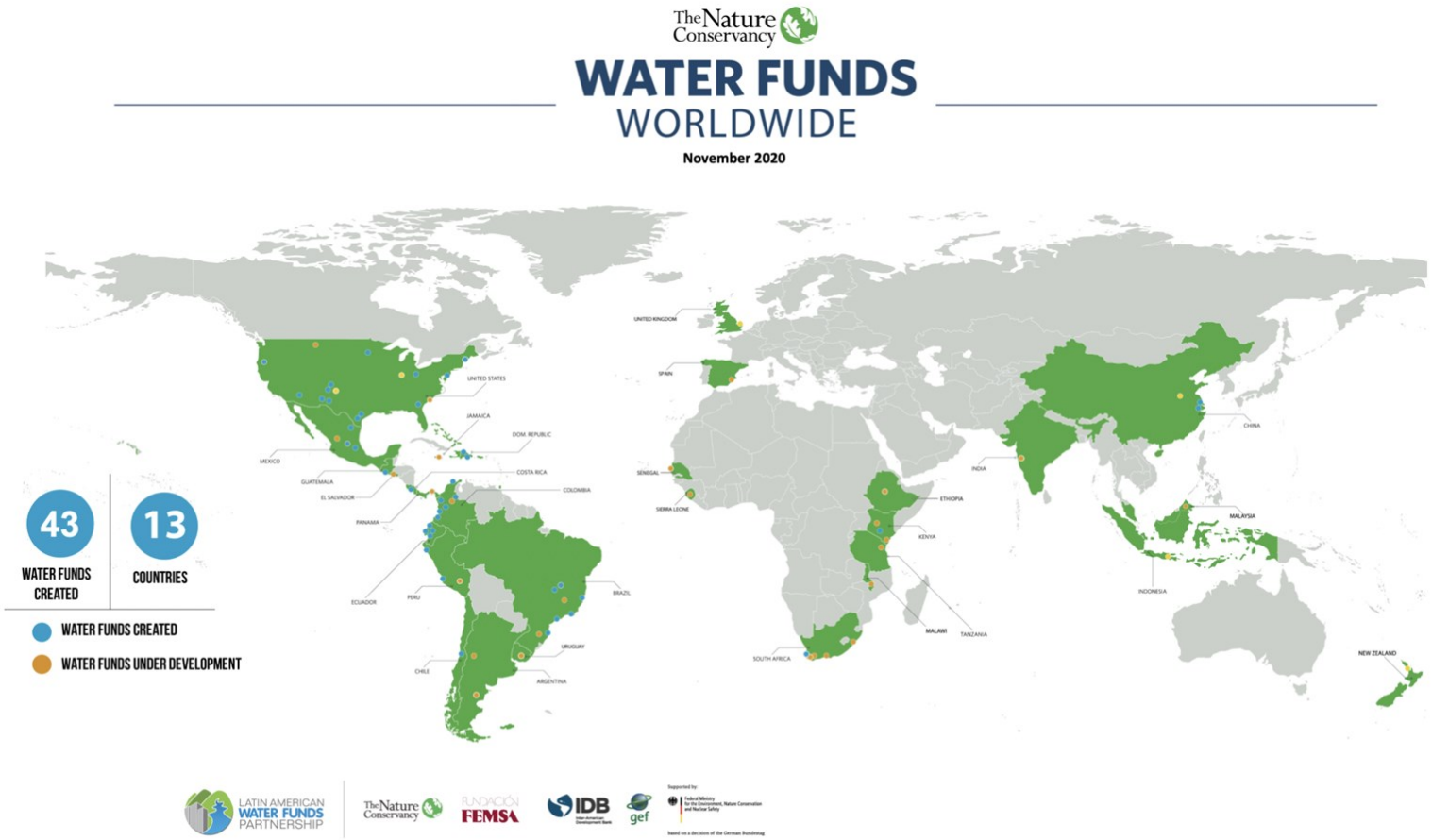
Emerging biodiversity markets



- Regulated biodiversity compensation and/or offset
- Enable the use of voluntary offsetting or other compensatory mechanisms
- Initial screening for biodiversity compensations /offsets
- No provisions for biodiversity compensations/ offsets
- No data available

Source: Modified based on GIBOB, 2019

Water Funds: investing in watershed services



Selected case studies

Voluntary biodiversity offsets

ECOAUSTRALIA

(Cassinia, South Pole)

EcoAustralia credits blend Australian Biodiversity Units (ABUs) with international carbon credits from high-quality Gold Standard projects.

1 EcoAustralia = 1.5 m2 of land preserved + 1 ton of CO2e removed.

Two Biodiversity projects on run: The Mount Sandy and The Myamyn.

Payments for biodiversity services and habitat

ALICANTE CANYON, COLOMBIA

(VERRA, South Pole)

Sustainable land use for the protection of species and forests in the DRMI of the Alicante Canyon River, in Maceo- Colombia.

130 hectares implemented so far in sustainable land use project of South Pole.

10,000 hectares with potential to integrate a pilot of LandScale of VERRA.

COCOA SUSTAINABLE LANDSCAPES, PERU

(SECCO, Helvetas, Ecom, Choba-Choba, Valliant, South Pole, Earthworm, FILB, FairTrade Max Havelaar)

South Pole is currently leading the feasibility analysis associated with leveraging climate, water, biodiversity finance across the full landscapes including the cocoa farms and surrounding forests.

Potential of **2,000 biodiversity credits.**

Payments for watershed services

CORPOCHIVOR PES, COLOMBIA

(Corpochivor, South Pole)

South Pole has supported the design of the PES mechanism, which includes:

- A REDD+ strategy (carbon credits).
- A biodiversity offsets scheme (biodiversity credits).
- Private investment in water provision.

Myamyn Lowland Forest Conservation, Australia

Enhancing biodiversity and permanently protecting Victoria's forests

Two decades ago, sections of Victoria's Annya State Forest were illegally cleared and re-planted with Tasmanian blue gum, an invasive eucalyptus species. By protecting the land against further clearing and re-vegetating it with native flora, this project enhances biodiversity and permanently protects habitat for vulnerable native species – including the southern brown bandicoot, powerful owl and long-nosed potoroo.

Project benefits

SUSTAINABLE DEVELOPMENT GOALS

13 CLIMATE ACTION	**Gold Standard carbon credits** stapled to each government accredited Australian Biodiversity Unit purchased from the Myamyn project
14 LIFE BELOW WATER	**4 hectares of wetlands** providing habitat for vulnerable frog, bird and bat species – including the southern toadlet, curly sedge and southern bent-wing bat
15 LIFE ON LAND	**200 hectares of land** protected and enhanced, including 22 hectares that have been replanted with native vegetation
17 PARTNERSHIPS FOR THE GOALS	**Australia-first partnership** enabling voluntary purchases of government-accredited Australian Biodiversity Units (normally reserved for offsetting vegetation removal)

Alicante Canyon, Maceo, Colombia

Ecological Connectivity project

This project will safeguard critically endangered species and strengthen the conservation actions implemented with landowners and local leaders. It will also enable the generation of ecological connectivity between the forest patches and preserve the forest relics in the Nordeste and Magdalena Medio regions of Antioquia, in Colombia. The project will reduce the risk of deforestation through a value chain shared strategy with different regional associations, especially in the sustainable livestock, dairy and coffee industrie. It will also create new market opportunities for the cocoa trade, generating a positive impact on social, economic and environmental indicators.

Project benefits

Education: Environmental education and knowledge transfer with 60 families to raise awareness on illegal wildlife trafficking and alternatives to avoid forest conversion.
Economic: Cocoa grows well and is a common crop in the region. Leveraging the knowledge of the local communities while training them on innovative sustainable growing practices, this project will establish efficient and sustainable working methods that will help the cocoa associations to maximize the productive potential of the product without degrading the ecosystem
Climate action: Verified climate action for 10,200 ha conserved that generate ecological connectivity. The project could report the GHG emission removals resulting from the implemented activities.
Biodiversity: Increased abundance and diversity of this tropical rainforest ecosystem, protecting 415 species of fauna and 287 species of flora.

Sustainable Cocoa Landscape, Peru

Biodiversity Market

- Mandatory or environmental compliance markets - Regulations related to environmental offsetting issues
- Voluntary markets: public or private agents that seek to generate biodiversity benefits (corporate social responsibility policies, reputational, altruistic, etc.).

Biodiversity credits system

- Zonification: Conservation, Restoration and Sustainable use
- Integration with carbon component methodologies
- Implemented in both mandatory and voluntary market projects or migrate between markets

Eligibility and cap analysis

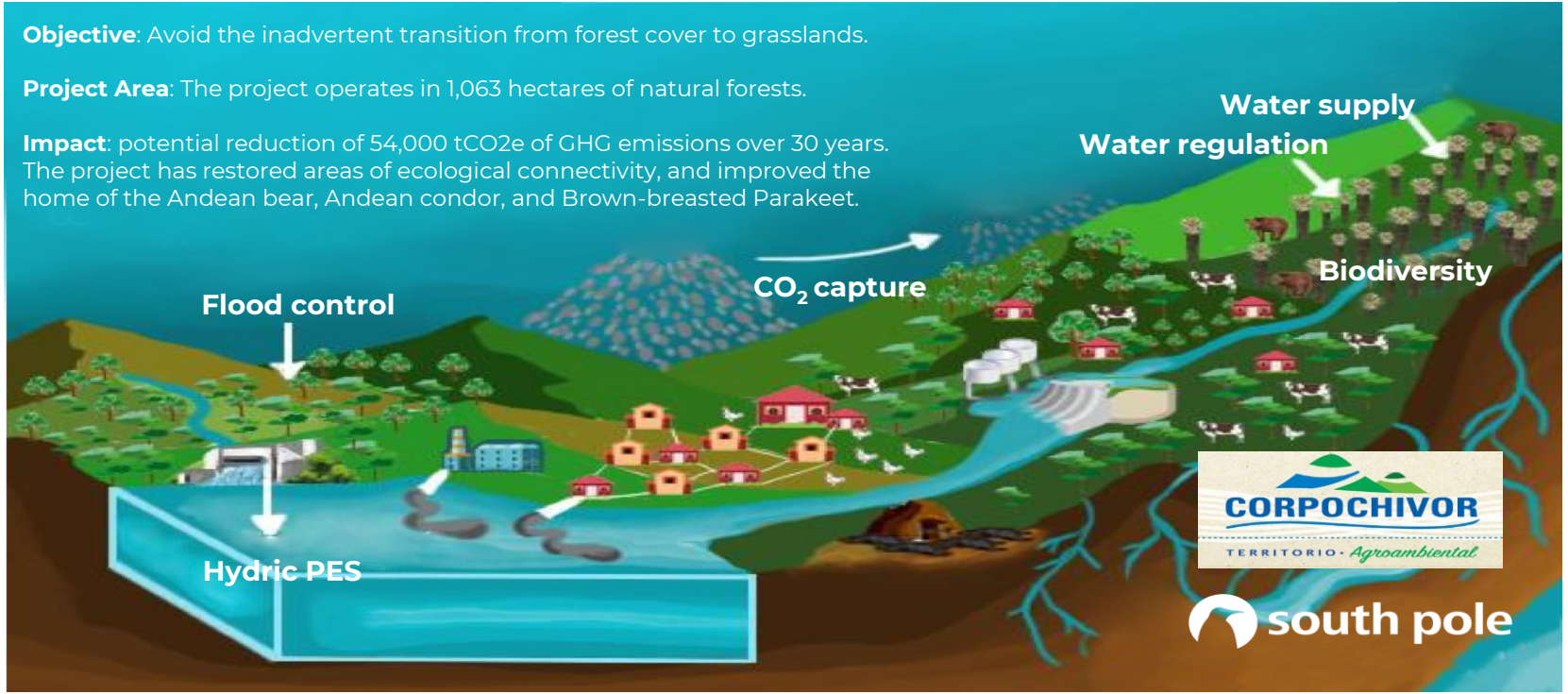
- Initial eligible area: 2,000 ha
- Expansion by approximately 17,000 ha in agroforestry system over a period of 30 years
- Planting capacity: historical growth of cocoa harvested areas in the department was considered.

Biodiversity credit value

- Potential of 2,000 biodiversity credits
- Based on the above scenario, the approximate price of a biodiversity credit (equivalent to one hectare) was calculated at EUR 6,000 over 15 years.

Corpochivor: Payment for Environmental Services scheme

Carbon credits + Water + Biodiversity indicators



ICCO Payment for Ecosystem Services (PES) initiative for cocoa landscapes

- South Pole has partnered with ICCO to explore **how Payment for Ecosystem Services can both deliver improved Ecosystem Health as well as Improved Livelihoods for farmers and their communities**
- **Developed a tailored Payment for Ecosystem Services Framework for Cocoa Landscapes to pilot in several cocoa producing countries**
- **Currently engaging with cocoa & chocolate companies to identify their interests in partnering to develop and implement these PES Cocoa Landscape pilots**

ICCO's vision is to see the achievement of the objectives set in the Global Cocoa Agenda for a Sustainable World Cocoa Economy

Cocoa Farmers

Improve significantly the living income and the working conditions of cocoa farmers

Environmental Sustainability

Improve the environmental footprint of the cocoa supply chain, in the global context of climate change

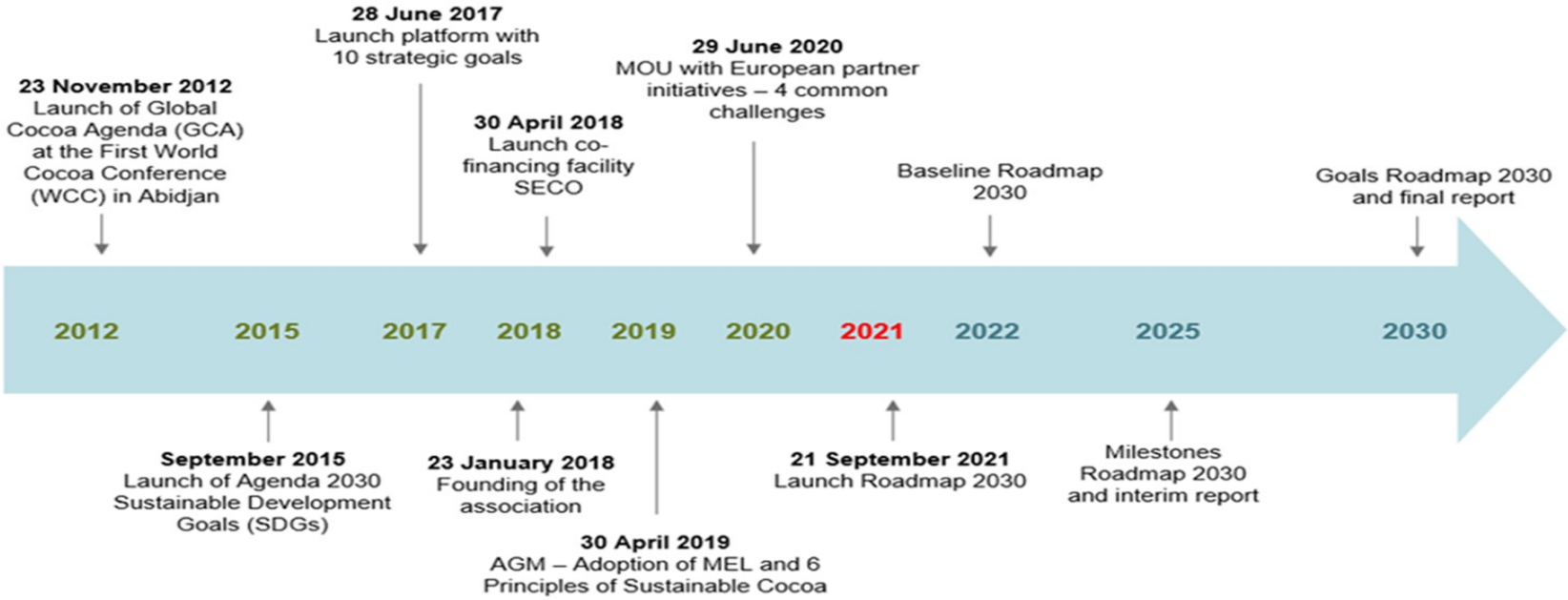
Activities	Timing	Speakers
Introduction: workshop objectives and deliverables	**13:30 - 13:45**	**Filippo Veglio, President SWISSCO and Christian Robin, Executive Director SWISSCO**
Part 1: Update on the overall Climate and Nature Finance world	**13:45 - 14:35**	**Facilitated by South Pole**
Introduction to Climate & Nature Finance, overview, relevance to the cocoa & chocolate sector and key definitions	13:45 - 13:55	Florent Dji, South Pole
Deep dive 1: the carbon finance options related to the supply chain/ SBTs carbon reduction impact	13:55 - 14:15	Dominique Gangneux, South Pole
Deep dive 2: the carbon finance potentials to be generated through carbon in/offsetting credits	14:15 - 14:35	Dominique Gangneux, South Pole
Part 2: Experiences from the field	**14:35 - 17:00**	**Facilitated by Earthworm**
Case Study 1: Nestlé	14:35 - 14:55	Conor MacMahon, Global Climate Delivery Manager Ryan McNeill, R&D Sustainability Lead - Global confectionery category
Case Study 2: Barry Callebaut	14:55 - 15:15	Geza Toth, Global Lead, Thriving Nature, Carbon and Forest Program, Barry Callebaut
Case Study 3: Chocolat Halba Ghana cocoa project's certification to the Gold Standard	15:15 - 15:35	Will Garrett, South Pole
Chocolate break	15:35 - 15:45	
Case Study 4: Colcocoa, Colombia	15:45 - 16:05	Eduardo Ocampo, Colcocoa
Case Study 5: Example of Biodiversity and Water Payment for Ecosystem Services (PES) projects	16:05 - 16:25	Liliana Martinez Sarmiento, South Pole
Climate Finance in Ghana; how is carbon finance currently being applied at the national level in Ghana and what are the potential synergies with SWISSCO members and SWISSCO's 2030 roadmap?	16:25 - 17:00	Roselyn Fosuah Adjei, Director, Climate Change National REDD+ Focal Point, Forestry Commission of Ghana
Part 3: Workshop discussions	**17:00 - 17:30**	**Facilitated by South Pole**
The potential for mainstreaming climate finance into the cocoa sector and potential SWISSCO collaborative framework to support such development	17:00 - 17:15	Christian Robin, Swissco
Overall Q&A	17:15 - 17:30	Hans Peter Egler, South Pole
Wrap up and Apero	17:30+	Christian Robin, Executive Director SWISSCO

Swiss Platform for Sustainable Cocoa

The Role of Climate + Nature Finance within SWISSCO

Learning Workshop on Climate & Nature Finance, Technopark Zürich, 22 October 2021

Deforestation free and climate friendly Swiss cocoa supply chain – Key target area in our Roadmap 2030



Roadmap Targets – Some key considerations

- **Let‘s not reinvent the wheel -** leveraging existing international processes, initiatives and standards (e.g. SBTI, CFI)
- **Let‘s be specific –** defining a number of farmers we seek to reach (150‘000)
- **Let‘s be innovative –** piloting new approaches (e.g. DAF, landscape, PES)
- **Let‘s be ambitious** – in enabling the large investments (tbc) needed for transitioning towards regenerative cocoa
- **Let‘s be inclusive** – in responding to the realities of all members and companies (e.g. SMEs)

Next steps

1) **Multistakeholder Task Group** to foster a SWISSCO-wide understanding and common definitions on Sustainable cocoa sourcing landscapes, climate smart and agroforestry practices; Investment plan and SME involvement, *starting 2022/Q1*

2) **European coordination and harmonization** in the scope of the upcoming ISCO level Working Group on Forest and Agroforestry; *starting 2022/Q1*

3) **Exploring climate finance options** within and outside SWISSCO following a public-private partnership approach; *ongoing*

A collaborative approach to Climate + Nature Finance

Climate & nature finance a case to boost collaborative actions due to:

- High investment needed – both off- and on-farm
- Costly monitoring/MRV systems
- Strengthening local governance and buy-in
- Articulation with other drivers of deforestation (palm oil, timber, gold, etc.)

Efforts to tackle deforestation need a collaborative landscape approach

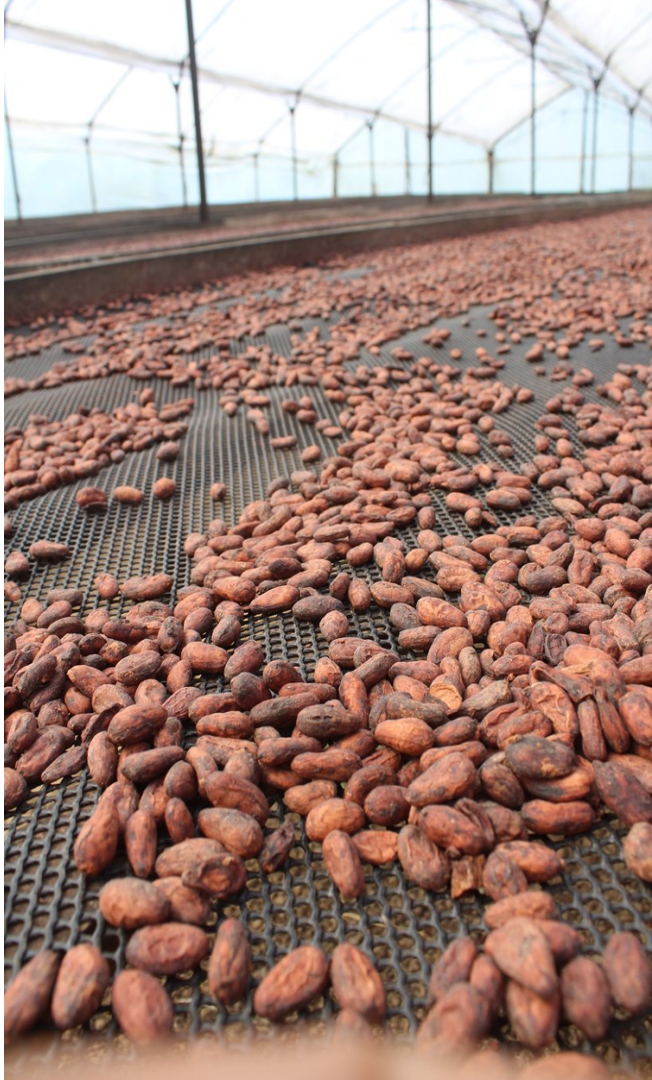
But we have to tackle barriers and challenges

- **Initiatives such as SBTi are company oriented and do not per se foster cross-company collaboration at landscape level** (e.g. focus on on-farm intervention)
- **How can we trigger investments considering the often hindering and blurry discussion on multiple accounting and claims?** – *e.g., how can we support Ghana to reach their climate goals, while at the same time allowing investors to make their claims (e.g. FCPF in Ghana)*
- **How are we building Monitoring/MRV-Frameworks that are credible, efficient and locally embedded?**

SWISSCO is well placed to promote Collaborative Approach

- Clear and credible normative framework – our Roadmap!
- Broad network to spur supply chain partnerships
- Leveraging specific expertise of members (e.g. Southpole, Earthworm, HAFL and others)
- Leveraging implementing capacities in sourcing countries (e.g. Helvetas, Farmstrong, Swisscontact, sourcing companies and others)
- Cooperation agreements with local authorities (e.g. Ghana, Peru)
- SECO as anchor donor (Landscape window is under planning)

First ideas of how to promote collaborative approaches on climate + nature finance will be shared soon




Thank you!

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