



TOUTON



Communication on Progress 2019

Global presence



1 000
Employees
12
Offices Worldwide
170
Years

390 000 MT
Cocoa Beans

5 800 MT
Spices & Ingredients

106 000 MT
Green Coffee

40 000 MT
Cocoa Products

46 MT
Vanilla

• 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



Dear stakeholders,

More than ever before we understand value creation in a broad sense. We recognize that the success of our commercial activity depends on the consistency and balance between the group's resources, its business model, its development ambitions and its social and environmental impact. Indeed, we believe that we share responsibility with all the actors of our ecosystem, from the communities in which we operate to our end customers.

A tangible demonstration of Touton's dedication to upholding its shareholders' commitment to sustainability is through our commitment 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 commit to engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

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

Sincerely yours,

A handwritten signature in blue ink, reading "Patrick de Boussac". The signature is fluid and cursive.

Patrick de Boussac
Touton CEO

Key figures 2019



Understanding our Supply Chains

We initiated a global risk mapping exercise in 2017, which is now updated on a yearly basis. This has allowed us to identify key risk areas in our supply chains, as well as relevant KPIs to monitor progress. Main risks identified are detailed in our Extra Financial Performance Declaration ([Déclaration de Performance Extra-Financière](#)).

As a company involved primarily in sourcing tropical commodities in complex supply chains our main risks pertain to:

- **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.
- **Supplier code of conduct :** 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.
- **Workplace safety and health:** We adhere to strict standards both within our direct business operations and in the areas where we source commodities.

In 2019 we completed a review of our internal social and environmental policies with an independent auditing firm and identified areas for improvement. We are in the process of strengthening our policies based on recommendations provided.

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

We are notably exchanging with peers and participating in regular meetings to feed-in to ongoing discussions on harmonized Due Diligence requirements at EU level.

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

Protecting Human Rights

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

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

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

Addressing smallholders' livelihoods

The TOUTON group has strengthened its investments in key actions such as the supply of improved plant materials, training in good agricultural practices and soil fertility, and capacity building for producer organizations. Sustainable livelihoods and diversification of producers' incomes will be accelerated through the diversification of food crops, associated crops and the development of mixed agro-forestry systems.

Empowering Women

While the need for gender equality and equity is widely accepted, a lot remains to be done to see them fully operationalised on the ground. And yet, women have a truly transformational role to play when it comes to improving the livelihood of their families and communities. According to the UN, investing in women's economic empowerment sets a direct path towards gender equality, poverty eradication and inclusive economic growth. Women make enormous contributions to economies, whether in businesses, on farms, as entrepreneurs or employees, or by doing unpaid care work at home.

That is why we are working with our clients on setting up Village Savings and Loans Associations (VSLAs), as well as additional livelihoods programmes to strengthen women's financial resilience.



- Over 60 000 farmers trained in Good Agri, Environmental, and Social Practices
- By 2022 we aim to reach over 5000 parents on positive parental techniques, indirectly benefitting more than 15 000 children in Côte d'Ivoire



Protection of Children

We have just concluded a pilot project with the Jacobs Foundation on a parenting skill programme implemented by the International Rescue Committee (IRC). The 'Families Make the Difference' approach will now be scaled up in CIV to reach over 5000 parents and more than 15 000 children.

Access to Health and Hygiene

Access to water is a key enabler for rural communities. It is essential for health and hygiene, as well as for farming. Yet, many communities still have limited access to clean water.

We are working with technical partners in West Africa and in Madagascar to provide communities with solar-powered hydraulic pumps.

Our nutrition curriculum, which was first trialled in Ghana is now being integrated into our additional livelihoods training.

Providing safe & dignified labour conditions

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

Addressing child labour 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 forced labour or child labour occurs in our supply-chain, we work with credible independent implementing parties to undertake awareness-raising and mitigation programmes. We partner with the International Cocoa Initiative (ICI) & Child Rights International (CRI) in Côte d'Ivoire and Ghana.

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

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. Explicative posters on safe working conditions are distributed to farmers and posted in cooperatives and rural centres.



- 20 752 farming households reached by child labour monitoring & remediation systems
- Regular monitoring of KPIs on gender, turnover and absenteeism

Within our operations

Over the course of the past year we significantly improved our Human Resources documentation, good practices and legal compliance in order to

- *improve communication and access to information*
- *increase well-being at work and degree of belonging*
- *develop performance evaluation and increase the level of performance*
- *increase and our legal and ethical compliance*

Our new Intranet provides all our employees with all relevant documentation on our global organisation (organizational charts, minutes of Executive Committee meetings, inception manual, Ethical Code), HR guidance manuals (on health insurance, paid holidays, parenting book etc), Social Dialogue with Staff Representative (including updates with actions, meeting minutes etc.)

We have also stepped up our internal processes in terms of employee on-boarding and now provide mobility and housing assistance.

In much the same way, new evaluation and performance review tools have been developed and a corresponding training plan has been developed for the period covering September 2019 to April 2020.

In line with French standards, out of 104 fixed term employees in our Bordeaux HQ, 40% of management positions are held by women vs 46% of all execution/operations positions.

As of March 2020, it will be a legal obligation for Touton SA to publish a KPI against a French government defined index showing that gender equality is respected. If a company's index result is below 75 points on a 100 point scale, it has an obligation to undertake corrective action. Our first simulation shows a result of 84 points for Touton.

ORGANISATION TOUTON SA RESSOURCES HUMAINES HOTLINE INFORMATIQUE EPARGNE SALARIALE TRANSFORMATION NUMERIQUE REPRESENTATION DU PERSONNEL

Bienvenue sur l'Intranet Touton

Sur ce site réservé aux collaborateurs Touton vous trouverez toutes les informations, outils et actualités du groupe

- ORGANISATION TOUTON SA**
Organigramme, Charte de Communication... toutes les info utiles sont ici
- RESSOURCES HUMAINES**
Retrouvez dans cette section tous les informations et documents RH
- HOTLINE INFORMATIQUE**
Une demande, un besoin ou un problème informatique, c'est par ici
- EPARGNE SALARIALE**
Les avantages de l'épargne, les projets PCE et innovation, venez vous au courant
- TRANSFORMATION NUMERIQUE**
Informez vous sur le cadre projet du nous concerne tous - l'état des lieux, la vision
- REPRESENTATION DU PERSONNEL**
Présentation de vos représentants et de leurs actions sur les secteurs sociaux

Adapting to Changing Conditions

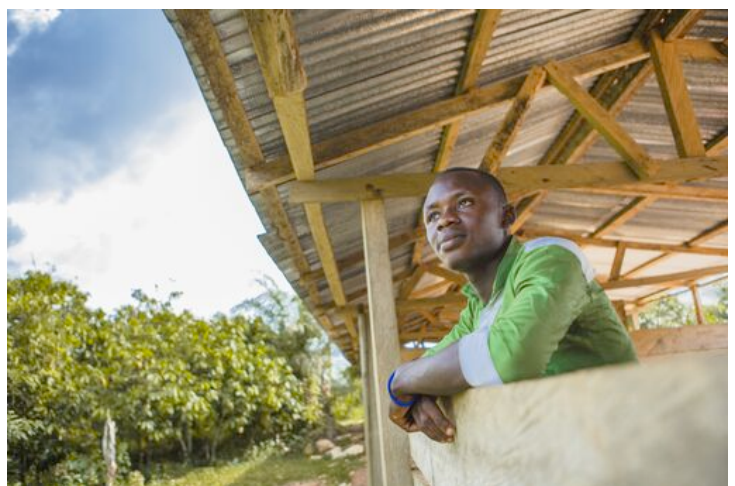
TOUTON group is committed to gradually eliminating supply in protected areas, in close collaboration with the competent authorities in the countries concerned.

To guarantee the implementation and effective monitoring of this commitment, TOUTON is committed to setting up verifiable systems for traceability of suppliers. This complex work begins with the mapping of partner farmers' plantations and the construction of a management system that captures the granularity of the supply chains in which the TOUTON group operates.

In order to monitor and evaluate this first commitment, we determined as a performance indicator the number of planters registered and whose plantations were mapped. At the end of December 2018, 58,866 farmers were mapped.

As an early signatory of the Cocoa Forest Initiative, that was launched in 2017, we published our [first CFI Annual Report](#) in March this year.

In line with our engagement to contribute to Ghana's REDD+ commitments, we are progressing with our Ghana-based programme to address climate change impact for cocoa production and cocoa farmers' livelihoods: the 3PRCL (Partnership for Protection, Production and Resilience in the Cocoa Landscape). Working hand in hand with the Ghanaian Cocoa and Forest authorities we are implementing activities that aim to increase cocoa productivity on less land, increase farmer resilience to climate impact, improve their livelihoods through diversification of crops, integrate agroforestry techniques and models. Our programme goes beyond cocoa communities and integrates all landscape actors.



- 58 886 farmers mapped in our direct supply-chains to date
- We update our CFI report on an annual basis
- 3PRCL programme covering an area of 243 561 Ha

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

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

Touton group has also initiated a life cycle inventory (LCI) for semi-processed cocoa products produced in our subsidiary Cocoa Touton Processing Company, in Ghana. This LCA should allow us to set up priority fields of action for the reduction of the carbon footprint of our industrial activity.



Transparency & Anti-Corruption

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

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

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

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

We have developed similar tools to ensure compliance with major ethical and labour law considerations with our key suppliers.



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

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



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