

## Public Information Summary

<b>Host Country</b>	Cote d'Ivoire
<b>Name of Borrower</b>	SUCDEN S.A. and SUCDEN-CdI
<b>Project Description</b>	The Project is to fund long-term working capital lines in cocoa commodity trade finance activities in CdI.
<b>Proposed DFC Loan</b>	A 4-year direct loan of an amount up to \$20 million.
<b>All-Source Funding Total</b>	€100 million
<b>Policy Review</b>	
<b>Developmental Objectives</b>	<p>Cote d'Ivoire is the world's largest producer and exporter of cocoa, producing 35% of cocoa worldwide. Approximately 90% of the country's cocoa farmers are smallholders who own less than five hectares of land. Many of these farmers live below the World Bank's extreme poverty line and the majority do not earn a living income. Cocoa farming is one of the leading causes of deforestation in Cote d'Ivoire. Although the deforestation rate has slowed, about 15% of Cote d'Ivoire's cocoa production still takes place in protected forests.</p> <p>In response to these challenges, the Project is expected to support the livelihoods of smallholder farmers in Cote d'Ivoire who supply cocoa beans to SUCDEN. The DFC loan will provide working capital for SUCDEN to purchase cocoa from smallholder farmer coops. By 2028, the Project is expected to generate \$183 million in local procurement from smallholder cocoa farmers and \$154 million in payments to the government. Through its sustainability programs, SUCDEN aims to improve incomes for farmers, protect forests, and ensure 100% traceability in the supply chain. Given the Project's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient (IQ).</p>
<b>Environment and Social Assessment</b>	<p><b>SCREENING:</b> The Project has been reviewed in light of DFC's 2020 ESPP and was determined to be categorically eligible. The Project has been screened as Category B because impacts are generally site specific and readily mitigated, though there are elevated supply chain concerns related to child labor, forced labor, and biodiversity. In accordance with DFC's 2020 Environmental and Social Policy and Procedures (ESPP), this Project has been classified as Special Consideration as a result of heightened risks of child labor and forced labor associated with cocoa production in Cote d'Ivoire.</p> <p><b>APPLICABLE STANDARDS:</b> Under DFC's ESPP, the Borrower is required to comply with applicable local and national laws and</p>

	<p>regulations related to environmental and social performance. DFC's environmental and social due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation (IFC) 2012 Performance Standards (PS):</p> <ul style="list-style-type: none"><li>• PS 1: Assessment and Management of Environmental and Social Risks and Impacts;</li><li>• PS 2: Labor and Working Conditions;</li><li>• PS 3: Resource Efficiency and Pollution Prevention;</li><li>• PS 4: Community Health, Safety, and Security; and</li><li>• PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.</li></ul> <p>The Project will not involve land acquisition, and the existing warehouses are leased. A desktop review indicates that adverse impacts with respect to land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated. Therefore, PS 5, 7, and 8 are not triggered at this time.</p> <p>IFC's Guidelines applicable to the Project include the General Environmental, Health, and Safety (EHS) Guidelines (2007) and the EHS Guidelines for Food and Beverage Processing (2007).</p> <p>Environmental and Social Risks and Mitigation:</p> <p>Social issues associated with the Project include the need for: adequate oversight and management of contractors with respect to labor and working conditions, internal and external grievance mechanisms, and assessment and management of forced labor and child labor risks in the cocoa supply chain. Environmental issues include potential for conversion of natural and/or critical habitat for cocoa cultivation, occupational health and safety considerations, and emergency preparedness. IFC, which first invested in Sucden on October 11, 2023, has closed all of the items from their ESAP with Sucden. DFC has additional requirements for Sucden as a result of its review.</p> <p>The Borrower has an Environmental and Social Management System (ESMS) in place, which is comprised of a combination of corporate and Cote d'Ivoire-specific policies, procedures, and management plans. Sucden has a Responsibility Policy that describes the overall framework for the company's ESMS, and an external grievance mechanism in line with IFC PS 1 requirements, which includes specific measures for addressing gender-based violence and harassment complaints. The Borrower has E&amp;S organizational capacity to implement the ESMS,</p>
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	<p>including a 16-person Cote d'Ivoire based Sustainability Team. Sucden undergoes regular E&amp;S audits for its sustainability certifications, including by Rainforest Alliance, and to meet customer requirements.</p> <p>Contracted workers comprise the majority of the Project workforce, and Sucden-CI has a Contractor Management Plan, which includes procedures for vetting, managing, and monitoring contractors with respect to labor performance and requires contractors to establish and implement their own ESMS in line with the IFC Performance Standards. The plan requires contractors to develop and implement their own workplace grievance mechanism, health and safety plan, and code of conduct. DFC will require Sucden to submit the results of labor compliance monitoring at its two main warehouses. For direct employees, Sucden-CI has Internal Rules, in accordance with local law, that provide the framework for human resources management. Sucden-CI also has a workplace grievance mechanism in line with IFC PS 2, which is available to all Project workers. DFC will require Sucden to submit a sexual harassment policy and a procedure for responding to sexual harassment incidents for its employees and to demonstrate that staff responsible for handling sexual harassment incidents have received appropriate training.</p> <p>Although Health and Safety Plans are not yet in place at the warehouses, Sucden has set up the health and safety committee at their main offices and one of the warehouses; developed a training program; developed training for analyzing risks; and established a register of accidents and incidents at one of the warehouses. Sucden will be required to submit their Occupational Health and Safety Plans to DFC.</p> <p>The Borrower has in place a supply chain management system for labor risks that includes a Supplier Code of Conduct, processes for due diligence of suppliers, supply chain traceability procedures, and training on assessment and management of forced labor and child labor for suppliers. Sucden has a Child Labor Monitoring and Remediation System (CLMRS) for identifying, assessing, preventing, remediating, and reporting risks of child labor and forced child labor in its cocoa supply chain in Cote d'Ivoire. The CLMRS centers on training and supporting suppliers to set up systems and organizational capacity to address child labor risks connected to their own operations. Sucden-CI ensures traceability of its cocoa supply chain by implementing its Sustainable Cocoa Traceability Manual, which applies to all companies involved in the supply chain for sustainable cocoa prior to export and includes due diligence, training, and monitoring requirements. Suppliers, which are primarily cooperatives, are contractually obligated</p>
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	<p>to provide registers of member producers, to identify all intermediaries, and to make available traceability documents.</p> <p>The Project supply chain sources cocoa beans which are produced in regions where there is a risk of significant conversion to natural and /or critical habitats. This risk is mitigated via a supply chain risk management system that includes use of a third-party system data collection system as well as the development of an in-house system for farm-level tracing and verification of conversion risks (now capturing 100% of SUCDEN-CI suppliers), a supplier handbook to combat deforestation, policy and procedures for forest protection and identification of deforestation risk, internal auditing of suppliers, and regular independent review of conversion risks by international organizations.</p> <p>The Project will be required to undertake a labor audit by an independent third-party with a focus on forced labor and child labor risks in the supply chain; and provide DFC with annual E&amp;S reporting that addresses implementation of the CLMRS, any suspensions of suppliers for violating the Supplier Code of Conduct, and incidents of child labor or forced labor identified in the supply chain, monitoring of deforestation risks and remediation measures taken in response.</p>
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