

A close-up photograph of a person's hand holding a small amount of dark brown, roasted coffee beans. The hand is positioned in the center-left of the frame. Below the hand, there is a large, out-of-focus pile of similar coffee beans that fills the bottom half of the image. The background is a soft-focus view of more coffee beans and some green leaves, suggesting a natural, agricultural setting. The lighting is warm and directional, coming from the upper left, which highlights the texture of the beans and the skin of the hand.

MAROU

SUSTAINABILITY REPORT 2022

MAROU CHOCOLATE Co. Ltd

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01. STORY

» Journey

Marou Faiseurs de Chocolat (“Marou”) was among the first “bean-to-bar” chocolate company in Asia and one of the few in the world to make chocolate at its origin. Founded in 2011 by two newcomers to the chocolate industry, **Vincent Mourou** and **Samuel Maruta**, Marou has established our brand in the world chocolate industry not only because of natural taste but also because of the handmade production process, from harvesting the cacao pods to making complete bars of chocolate.

Through more than 10 years, we have been building expertise, experience and relationships across the supply chain. Starting from our front-end, we have acknowledged farmers’ contributions as key stakeholders, understood challenges and thus recognized a need to support farmers, to help them become stronger and more sustainable. Since 2022, we have launched “Marou Cacao Community” to set a framework for cacao sustainability, starting with what comes naturally for the company, and figure out what impact we can make immediately without having to create a complicated program.

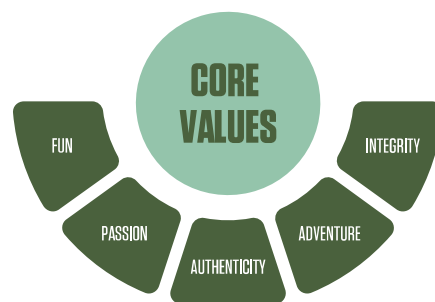
» “Doing good” Philosophy

With every action and decision we make, we are motivated not by short-term profit but by what will help our community. We feel a deep sense of responsibility

to the farmers and fermenters who have taken time to learn from us and agreed to more labor-intensive methods to produce cacao meeting our quality standards. “Doing good” actions create momentum, and once that’s going, every stakeholder will contribute to the community setting ambitious and achievable goals to achieve each year to increase the positive impact. See more: Marou, Faiseurs de Chocolat (marouchocolate.com)

» Commitment

Market fluctuation, non-transparent supply chain, farmers’ health and security, social issues in farming, and climate change are the main factors affecting sustainability. We see these as opportunities to break them down into fundamental building blocks, allowing cacao to represent the essence of a sustainable community. Our approach to create the great sustainable community for all stakeholders based on our core values: Integrity, Authenticity, Adventure, Fun, and Passion. We’re committed to ensuring that the entire cacao-to-chocolate value chain is strong, socially responsible and environmentally sustainable.



“Our company was created with social and environmental consciousness as main values”

- Vincent Mourou | Founder & CEO

02. COMMUNITY

MAROU CACAO COMMUNITY

Creating Marou Cacao Community

"Community centricity" is our commitment which present in every step we take to create Marou Cacao Community, where farmers achieve sustainable livelihoods, health, and safety, alongside environmental protection and conservation.

Leading Together As One Community

All the challenges addressed, we believe them as opportunity to strengthen our community stronger with insightful linkage. We are not alone, together with our farmers, leading the Marou Cacao Community.



» Goals

- **Economic Sustainability**
- **Social Sustainability**
- **Environmental Sustainability**
- **Digital Transformation**
- **Transparent Traceability**

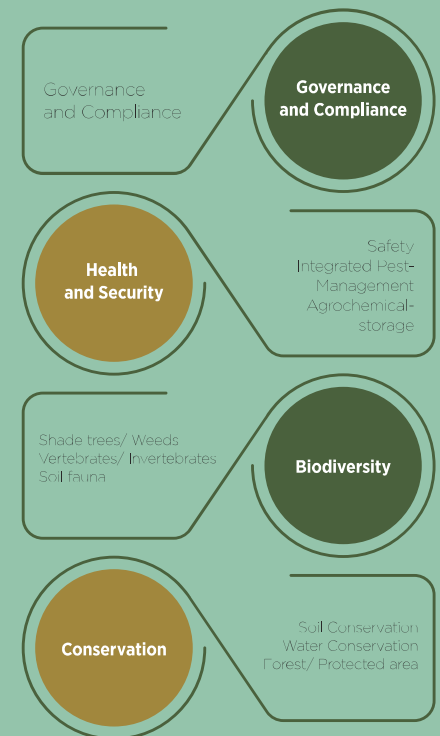
The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for us. We are aiming to support our community in achieving sustainability in the economy, society, and environment, while also advancing transparent traceability and digital transformation in the coming years

» Standard: Marou Label Farming Practices

Since 2022, we have developed Marou Label Farming Practices for farmers. Its emergence is, in part, a response to the limitations and negative impacts of our current farm systems and, in part, driven by a realization that 'regenerative farming' is opening up a new world of possibilities.

With the concentration on biodiversity and natural conservation, we believe this approach helps reduce climate change impact with farmers' adaptation, environmental resilience, protection, and conservation. Besides, our commitment to social compliance, to farmers' health and safety, is stronger than ever.

It establishes four pillars for the community with main sections to ensure economic, social, environmental sustainability: Governance and Compliance, Health and Safety, Biodiversity, and Conservation.



02. COMMUNITY

» Technical note: Healthy Soils

Healthy soil, a key component of climate action, is essential for reducing greenhouse gas emissions, building resilience to climate change by storing carbon in the soil and regulating water, and reducing erosion. It enhances pod production through fertile, well-structured soil, available nutrients, and space for roots, while maintaining biodiversity among plants, animals, and soil biota, which helps reduce pests and diseases. Recommended practices for farmers to build soil health include:

1. Adding organic matters

Compost, cacao residue, green manure, plant residues, etc., are added to soil to improve soil structure, enhance water and nutrient holding capacity, protects soil from erosion and compaction, and supports soil biota.

2. Keeping the ground covered

Ground cover (shredded leaves, cover plants) protects soil from wind and water erosion, provides habitats for larger soil organisms, and can improve water availability; and no burning of organic matters on the cultivation area.

3. Using input efficiently

Efficient input use helps prevent harm to non-target organisms, including human health, and prevents pollution of water and air if they are mismanaged by applying Integrated Pest Management (IPM), following

product's instruction, prioritizing organic fertilizers, and balancing soil pH.

4. Increasing biodiversity

A diversity of soil organisms helps control pest populations and . A variety of cultural practices, such as intercropping cacao trees with other tree species, reduces weed and disease pressures.

5. No tillage and soil compaction

Tillage can break up soil structure, speed the decomposition and loss of organic matter, increase erosion risks, destroy habitats for beneficial organisms, and cause soil compaction.

6. Controlling erosion

Controlling erosion is vital to preventing nutrient loss. Buffer zone such as grass strips or shelterbelts along major ditches, riversides, and lakes help reduce erosion and prevent nutrients and plant protection products from reaching water bodies.

On 03/09/2022, US Special Presidential Envoy, Secretary John Kerry, visited Marou farmer's farm (Mr./Mrs. Ban) to discuss the impacts of climate change on local cacao farms and how Marou supports farmers in adapting through best practices in Ben Tre Province.



03. APPROACH

“What a wonderful for creation of Marou Cacao Community by defining Marou farmers who have strong commitment, accompany and develop firmly community achieving sustainability by Marou approach.”

- Pham Hong Le | Cacao Project Coordinator

3.1 PROGRAMS

PROGRAM 1

This program is considered a cohesive link between Marou and farmers. Through it, we are building a community and providing technical support and guidance in cacao farming to current and potential Marou farmers through training sessions.

Since 2022, using a mobile app to deliver training materials and provide real-time advice has been a positive signal for digital transformation for cacao farming in the purpose of achieving a closer connection within community, and improving tree productivity.

» Mapping Marou Farmers

We are defining the scope of the Marou Cacao Community by identifying Marou farmers who meet specific criteria, such as a certain number of cacao trees and a long-term commitment to working with our Marou fermenters, who purchase cacao pods from these farmers to process bean fermentation and drying. ‘Mapping’ is a crucial task that is not only to outline the community’s scope by farm surveys but also to create a master dataset on social and environmental factors aligned with sustainability goals in the mobile app.

We make every effort to visit each farm, seeing it as a great opportunity to share knowledge and guide farmers in applying sustainable practices. During these visits, we address farm issues, provide tailored recommendations. importantly, we enjoy

engaging in meaningful discussions with farmers to facilitate knowledge exchange and enrich for our own understanding.

Among the over 700 farmers we are currently working with, 205 Marou farmers were mapped in 2022 across six provinces, including Ben Tre, Tien Giang, Ba Ria—Vung Tau, Dong Nai, Lam Dong, and Dak Lak. This is a good start for a strong foundation for building our community.

In average, each Marou farmers owns 0.67ha of cacao farms.

205 Marou Farmers	137 ha Cacao area	> 66,00 cacao trees
6 provinces	94% smallholder farmers	81% multicropping farm

OUR CACAO ORIGINS





5 Farmer Seminars 3 Provinces 186 Farmers joined.

» Training

We train farmers directly with Farmer Seminar and One-to-one farming coaching at farms. For indirect training, we are using Acresquare app where farmers can positively search and read the posted technical documents from us simultaneously and conveniently.

Farmer seminars: “More than knowledge sharing”

Farmer seminar has proven to be an effective communication channel for creating the shared space for Marou farmers and others to connect and engage with our journey, commitment to sustainable value besides knowledge transfer and exchange. Beyond farming practices, social and environmental aspects are also focused on. One of the important parts in the seminar is a tasting experience, where participants celebrate ‘our win’ by enjoying hot chocolate and chocolate bars made from their exact origins as we would like to recognize the dedication that farmers put into cultivating cacao trees, as well as the skill of fermenters who greatly process the beans for us.

One-to-one farmer coaching

Through our ‘one-to-one farmer coaching’ on the farm, we share knowledge, provide training, discuss and diagnose farm issues, and offer direct, practical recommendations to farmers. We take great pleasure to facilitate farmers identify challenges, discover and absorb new knowledge, and apply sustainable practices.

Indirect training via AcreSquare app

Aiming for digital transformation in cacao farming, we have developed and introduced the AcreSquare app for farmers to use free of charge. With it, our farmers can improve cacao productivity by receiving real-time support from the Agronomic Technical Advisor team, including quick feedback via phone calls or specific recommendations for farm issues or crop alerts that farmers report through the app. Better communication is an obvious advantage. This year, we are in the demo phase for 48 pioneering farmers, and hope to achieve the expected results to apply more in the next coming phases.

**This is the first
time I've received
training the soil pH
and its importance
- Ms. Ngot — Farmer**

**We're glad to introduce
this app for farmers
with convenience,
and connection, and
performance”
- Man — Agronomic TA**





Training materials

To effectively deliver sustainable knowledge to our farmers, we've developed two types of training materials: the 'Cacao Manual' and 'Cacao Technical Brochures.' In 2022, over 520 handouts, including manuals and brochures, were distributed to targeted farmers.

Cacao manual:

Page No. 26

Brief: Cacao manual is considered as a guideline for sustainable cacao farming where we introduce and guide farmer sustainable farming practices, legal compliance, and environmental protection and conservation.

Cacao technical brochures:

Page No. 2

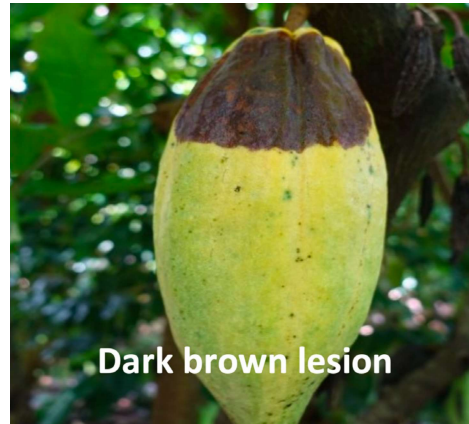
Brief: Each version addresses a specific farm issue with solutions, including topics such as "How to plant and care young cacao trees", "How to build a healthy soil", "Soil pH and Liming", "Pruning techniques", "Black pod disease", "Mirid control", "Nutrient deficiency", and "Cacao clones in Vietnam".



» Technical note: Black pod disease in cacao trees

There are many factors that affect cacao pod productivity, even the tree survival natural conditions, nutrient deficiencies, farming practices, and damage from pests and diseases, etc. Cacao black pod disease is a particularly serious economic problem. Annual yield loss may range from 20% to 30% or more, especially during continuous rainy days and high humidity. In Vietnam, cacao black pod is primarily caused by *Phytophthora palmivora* who prefers high humidity and can survive for up to four months in cacao roots and soil.

Pathogen infection in cacao pods can occur under very humid conditions, particularly due to high shading rates, unpruned canopies, or high-density plantings. The infection begins with small chlorotic spots that become dark brown spots and then lesions, spread over the entire pod within 2 weeks. The pod eventually turns black and mummified. *Phytophthora* is disseminated by rain splash, ants/ insects, wind or direct contact from infected soil/ trees/ implements.



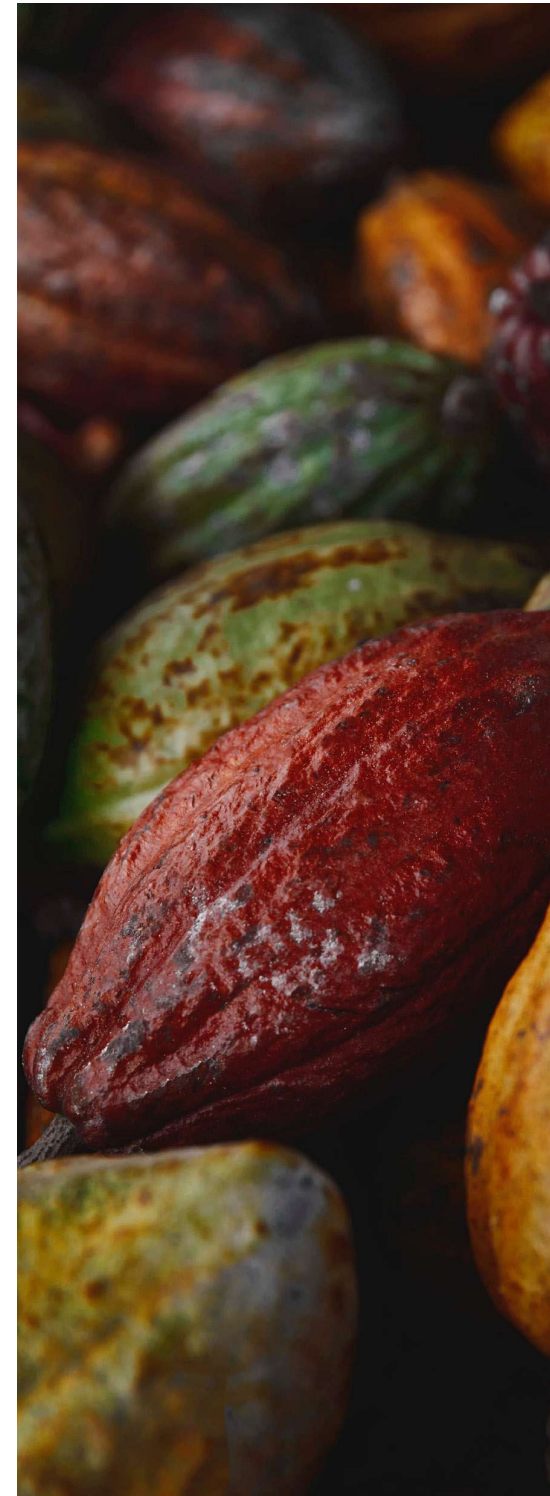
Dark brown lesion



After 2 weeks

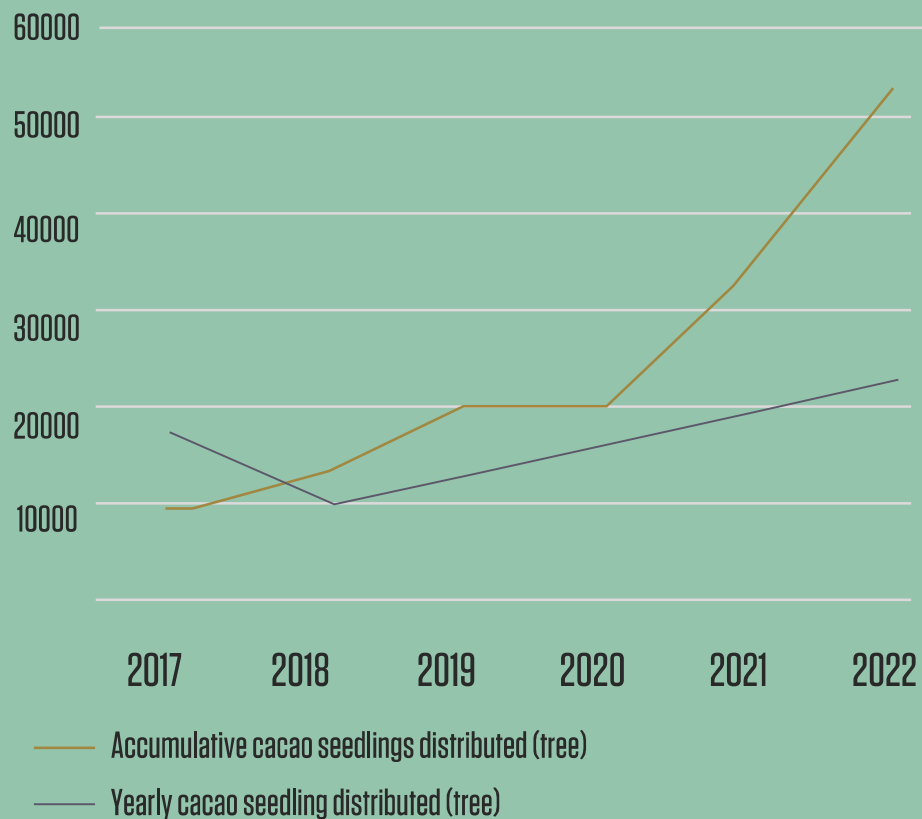
To control the disease, the cultural and biological measures are encouraged and recommended to farmers to apply, including:

- Planting seedlings well apart in well-drained sites and on raised beds.
- Pruning unnecessary branches and reducing shade to improve air circulation and promote drying of pod surfaces after rain.
- Harvesting ripe pods completely.
- Collecting, burying, or composting infected pods.
- Removing soil tunnels on the surface of cacao trunks built by ants and termites.
- Applying mulch and using organic fertilizers.
- Planting a diverse range of clones, especially TD3, TD5, TD6, TD7, TD9, and TD10.
- Using biocontrol agents like *Trichoderma*, either directly or mixed with organic fertilizers, to fertilize the trees.



PROGRAM 2: CACAO SEEDLING-PROVIDING PROJECT

To ensure and expand cacao cultivating areas and to promote the development of sustainable cultivation models, we have been deploying the Cacao seedling-providing project since 2017. To date, we have distributed a total of 53,300 cacao seedlings to our community, including farmers and one agroforestry project. We have been planting 1,500 non-cacao seedlings as permanent shade trees in Binh Dinh agroforestry project.



» Cacao seedling-providing project for farmers

In 2022, We delivered 11,120 seedlings for farmers in Tien Giang and Ben Tre provinces. To ensure that every farmer is equipped with the knowledge necessary to care for their seedlings and young cacao trees, our Agronomic technical advisor team provided training through seminars and one-on-one coaching sessions, using the leaflet "How to plant and care for young cacao trees." The impressive survival rate of seedlings after one year (94% in Ben Tre), which demonstrates farmers' interest in cacao cultivation and the effectiveness of our technical expertise in this province.

approach the existing plantation with acacia as principle trees by no-tillage inserting the certified cacao seedlings and a variety of shading trees in company with recent timber plants to set up the evergreen multifunctional forest. This agroforestry plantation is localized in the Community Forest with the total area of 1708ha in Hoai Duc, Hoai Nhon, Binh Dinh, where belongs to the project of forest rehabilitation and sustainable forest management in Quang Nam, Quang Ngai, Binh Dinh, Phu Yen (KFW6).

We believe that cacao agroforestry project is a pioneering successful case study to stay the Community Forest as green as forever by converting timber plantations into evergreen forest with sustainable values for our Marou farmers.

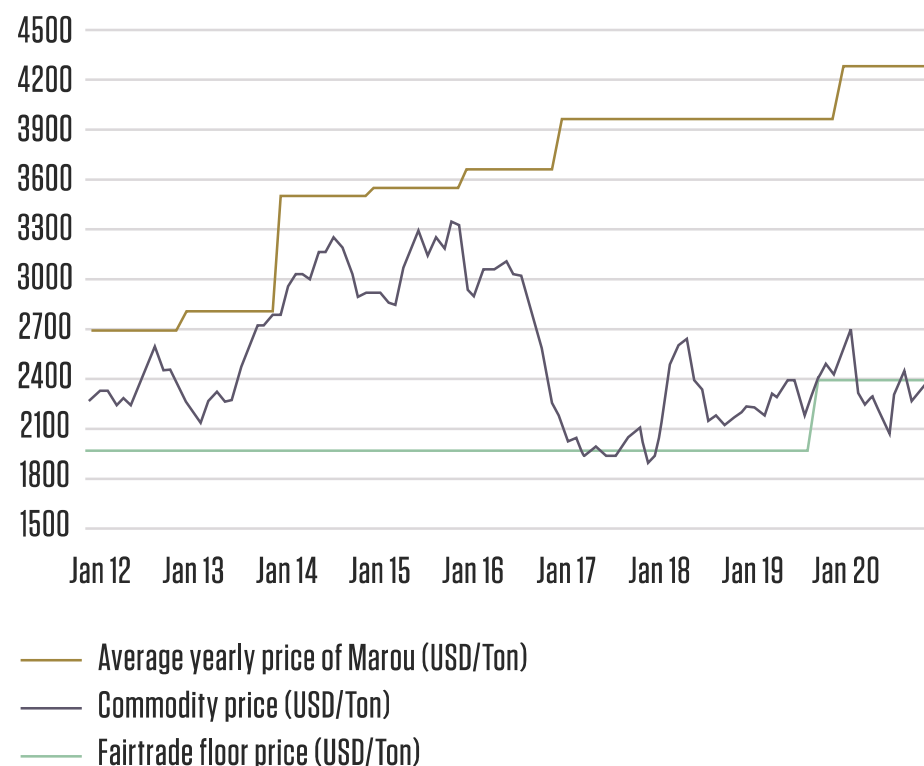
» Binh Dinh Agroforestry Project

Since October 2022, we have started the Cacao Agroforestry Project in Binh Dinh province, successfully planting 6,000 cacao seedlings. Keeping up with the concept of conservation and biodiversity, we

3.2 IMPACT

IMPACT 1: ECONOMIC ASPECT

“More than Fairtrade”: As Marou has grown we have been able to set and maintain higher prices than commodity market price and Fairtrade floor price. We understand the price stability is as important as high prices for farmers. That is a strong statement for long-term commitment with our fermenters and farmers in the meaning of economic sustainability. We are approaching with:



Sustainable development is more than just implementing programs to raise environmental and social awareness; it must be built on a secure economic foundation for stakeholders. Apart from offering a much higher purchase price than the market average, Marou also provides other direct financial support to the fermenter in order to maintain balance in the production of premium cacao for Marou and consume cacao pods from farmers, thereby harmonizing the benefits generated by for Marou, fermenters, and farmers. Examples of such help include:

Monthly advances for fermenters during harvest season: Despite the Covid-19 epidemic and the severe post-pandemic economic circumstances, Marou has continued to provide monthly advances for bean purchases to fermenters. This is significant for Marou fermenters with a token of appreciation financial backgrounds. With these advances at the beginning of each month, fermenters can maintain regular purchase at a uncertain price for farmers while also covering other costs in the bean processing.

Fermentation facilities: Fermentation facilities, such as fermentation boxes, drying racks, and processing areas, have a significant impact on cacao bean quality. By providing financial support for these facilities to fermenters, we hope to ensure that cocoa bean quality is maintained while encouraging them to supply sufficient beans to Marou in accordance with our technical standards.. Furthermore, by utilizing local materials to construct these facilities in each province, we contribute to the rural economy and empower producers to make repairs and future extensions without having to drive into HCMC.

Tet gift and pod bonus: Every year, we present fermenters and farmers with gift on the occasion of the Traditional New Year and a small pod bonus amount (2017, 2018, 2022) as a token of appreciation for their efforts over the previous year of work in order to strengthen the connection among the Marou, fermenters, and farmers, and motivate them to continue nurturing and processing premium cacao beans (According to Sourcing Team, Details in Annual Sourcing Report).

Keeping higher bean price set:

With strong commitment to keeping the same bean price and to purchasing the committed bean quantity with our fermenters, recent economic crisis and even the crisis period of Covid pandemic, the “integrity” inside us is identical. We understand that the most vulnerable links in our supply chain are the fermenters and farmers who form the foundation of our business. In fact, with the bean price set higher than commodity market price, the pod floor price that our fermenters purchasing farmer’s pod (5,500 VND/ kg of pods) is higher than other fermenter’s pod price (3,900-5,000 VND/ kg of pods), especially in the origin the we are working, the pod price is more competitive for farmers (up to 5,500 VND and more/ kg of pods)

Supporting in pod productivity

improvement: We see our responsibility more clearly than ever in transferring cacao knowledge for our farmers via

training sessions in seminars, or coaching. Identifying farm issues and providing effective recommendations are key methods that guide our approach.

Encouraging to apply multi-cropping for multi-income:

Income diversity from cacao farms is increasing the farming efficiency per area. Cacao trees have a unique physiology that allows them to thrive in specific shaded conditions. Taking advantage of it, we promote the model of intercropping cacao trees into coconut/ cashew/ rubber plantation or even multifunctional forest as agroforestry. Besides, the income from cacao pods, farmers can have additional income from shade trees.

Delivering cacao seedlings for cultivation expansion:

By understanding our farmers’ needs, we company them in the effort to expand their cultivation. Since 2017, we have provided qualified cacao seedlings along with technical support to assist in this process.

IMPACT 2: SOCIAL ASPECT

“Farmer health and security”, “gender equality” are the desired outcomes that we commit to achieve in Marou Cacao Community. The year 2022 marks our initial efforts to address the current and potential risks to sustainability, including aging, succession, and the health and security of our farmers on their farms. Thus, we are taking step-by-step approach to build community more sustainable in social aspect.



» Social Parameters

64% Male Farmers
18% Female Farmers
18% Co-host

Gender:

We are working closely with farmers of all genders. We make every effort to ensure that women have equal access to resources, education, seminar participation, and company support activities. With 36% of farm decision-making roles held by women, which is showing positive result of empowering.

22% Age 18-50
35% Age 51-62
42% Age > 62

Age:

With non-complex farming practices and a steady weekly income from pod sales, cacao cultivation is appealing to older farmers, with the average age of Marou farmers at 58.7 years. Among farmers over 62 years old, 45% have successors ready to continue cacao cultivation. However, labor mobility from rural to urban areas and competition from other crops present challenges. On a positive note, more young successors are showing interest in cacao farming, which is a promising sign for the future.

92% Kinh
3% Tay
2% K'Ho
2% Other: Hoa, Nung

Ethnic Group:

A diversity of ethnic groups contributes to the “winning taste”. Most of ethnic minority communities involved in cacao farming are located in the Provinces of Dak Lak, Lam Dong, and Ba Ria—Vung Tau.

» Health and security

34% Annual Health Check
20% Personal protective equipment
26% First aid box availability

Additionally, there are 88% of Marou farmers accessing clean water for daily activity. We commit to improve health and security of farmers in farming, together, we enjoy the adventurous journey with passion and fun.



IMPACT 3: ENVIRONMENTAL ASPECT

Based on fundamentals of “regenerative agriculture” and agroforestry concept, we understand the vital role of biodiversity and conservation in supporting all forms of life on Earth, which ensures environmental sustainability by providing clean and sustainable natural resources and essential ecosystem services, thereby strengthening farmers' resilience to the impacts of climate change.

» Biodiversity

We encourage planting at least 4-5 different cacao clones on each farm to increase the fruit-setting ratio through cross-pollination, limit the spread of pests and diseases (due to the resistant abilities of some clones), and reduce the use of pesticides.

In addition to cacao clones, we recommend planting at least 70 permanent shade trees per ha to supply suitable shading for cacao trees with multi-functions including nest for birds, natural enemies (41% farms have black and weaver ants), wind-breaking, and erosion limitation. A density of 145 shade trees per ha is a very good result to motivate community “Doing Good”.

One successful farming model is the cacao-coconut farm in the Mekong Delta area, which is a well-defined design with two layers of foliage: the coconut canopy layer reaching over 10 m, and the cacao canopy layer at 3-4 m. At farms, weeds are maintained at suitable height to cover the soil, to reduce the evaporation, and to provide habitat for soil biota.

**12,986 Total
shade trees**
145 shade trees/ ha
**2.7 Permanent tree
varieties in Cacao farms**

» Natural resource conservation

SOIL CONSERVATION

**100% No-tillage
practice**
96% No fires on farm
57% Ground cover

FOREST:

We are committed to protecting the forest and encouraging the community to engage in forest protection while promoting anti-deforestation efforts during our training. Additionally, our Binh Định project aims to enhance the agroforestry model in cacao cultivation, which offers various benefits, especially in maintaining evergreen environment for production forest areas.

AGRICULTURAL INPUTS

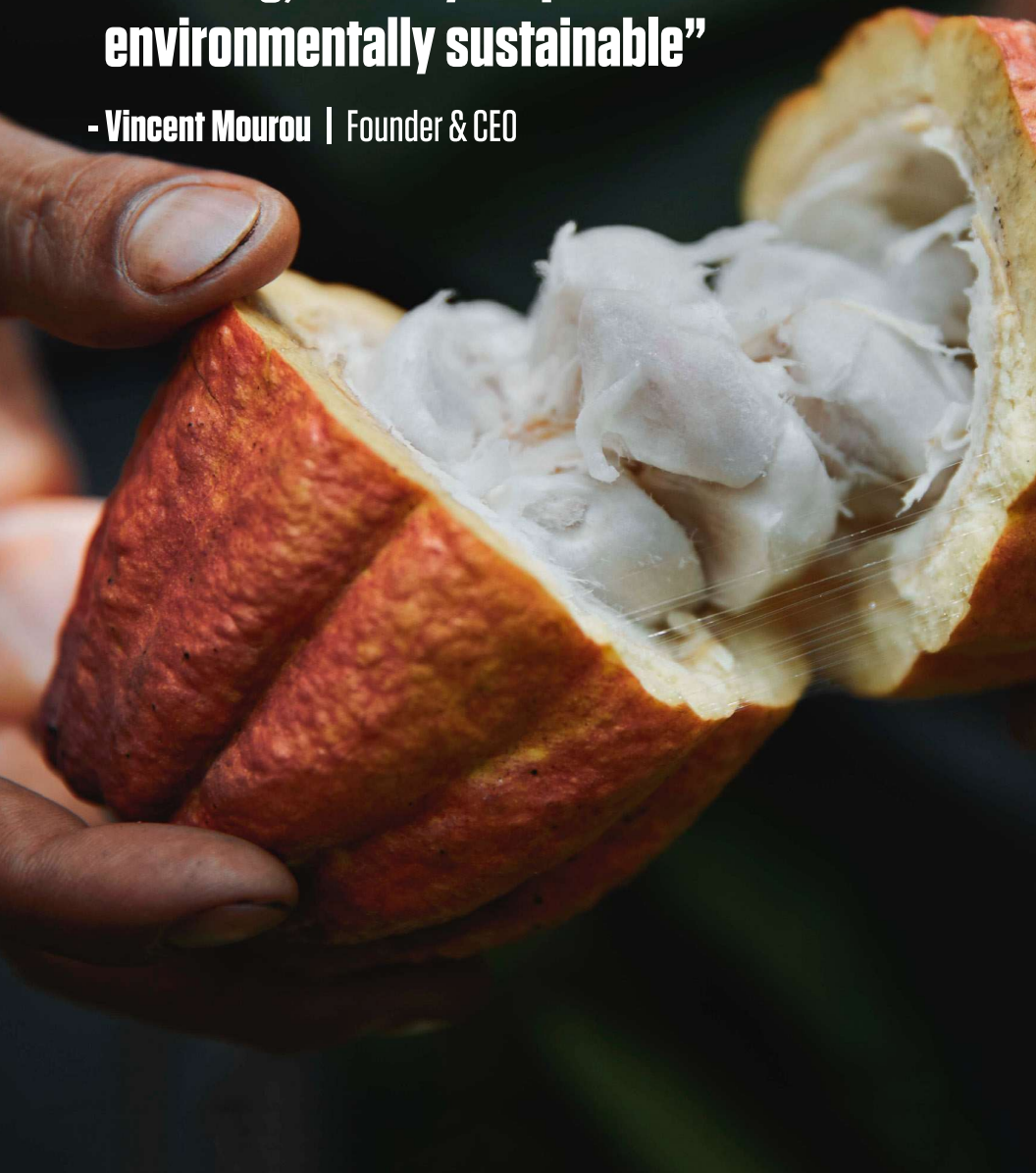
**11% Only organic
fertilizer application**
**67% Combined
fertilizer application**
22% Only chemical fertilizer

WATER FOR IRRIGATION

79% Not using ground water
55% Using irrigation system
35% Using wate reservoirs

“We’re committed to ensuring that the whole cacao-to-chocolate value chain is strong, socially responsible and environmentally sustainable”

- Vincent Mourou | Founder & CEO



“Futher commitment to sustainability”

A good start in 2022

This year has provided us with motivation and confidence in our adventure to build Marou Cacao Community with sustainable values. From 205 Marou farmers, we aim to engage more cacao farmers joining our community. Additionally, we are committed to enhancing the quality of this community through three pillars: economic, social, and environmental.

A promising year in 2023

We will transfer more technical support to farmers with Marou Label Farming Practices, enhance our approach to cooperate social responsibility, continue to raise awareness about environmental protection, and implement more initiatives for supporting activities in 2023 and beyond.





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