

# Tony's Open Chain DISCO action plans

Subsectors 'Traders & Processors' and 'Manufacturers & Brands'

## Instructions

To gather more quantitative insights in what individual signatories are contributing to the DISCO goals in the upcoming years and how the partnership is progressing jointly, the Steering Committee agreed that all signatories will develop and publish individual action plans. These action plans show how they are contributing to the DISCO goals in the upcoming 3 years (until end 2026), and:

- are based on the commitments from the [DISCO declaration](#);
- have a strong link with the indicators from the ISCO Reporting Framework;
- explain how the principles on procurement practices as laid down in the DISCO procurement practices position paper, are being implemented by DISCO signatories.

You are asked to fill below template and submit it by **30 June 2024 the latest** to the DISCO Secretariat: Mark de Waard, [dewaard@idhtrade.org](mailto:dewaard@idhtrade.org) and Lisa Graepel, [graepel@idhtrade.org](mailto:graepel@idhtrade.org).

After submission and review by the DISCO Secretariat, all DISCO action plans will be published on the DISCO website. The DISCO Secretariat will analyse and summarise the action plans. The outcomes of this analysis will be shared and discussed during the annual General Assembly at the end of 2024.

For more guidance on defining the actions around the three impact themes, it is recommended to consult the DISCO Roadmaps on [living income](#), [deforestation and forest degradation](#), and [child labour](#). For more information on the quantitative targets, the definitions and usage of the indicators, please consult the [ISCO Reporting Framework](#).

All action plans will cover the period 2024-2026. The quantitative targets track progress cumulatively until the end of 2026, including what's already been achieved. Progressive targets with intermediate milestones could also be included. It is also requested to give a brief qualitative description. Where needed, references to a more comprehensive description of the strategy could be included.

## General information

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## Plans on DISCO ambitions to enable living incomes

### Living income gap measurement

Describe in max. 200 words what your organizations' plans are to measure income gaps throughout your supply chain, and describe the methodology, including which living income benchmark will be used for measurement of the income gaps<sup>1</sup>.

<sup>1</sup> Recommended methodology: [LICOP's Guidance Manual on Calculating and Visualizing the income gap to a Living Income Benchmark](#)

The living income gap assessment approach compares actual household incomes to a living income benchmark. This method, which evaluates household revenues and costs before comparing them to a local benchmark, is akin to multidimensional or asset-based measures like the multi-dimensional poverty index (MPI). Tony's Open Chain (TOC) continues to utilise the LICOP methodology to calculate the income gap relative to the Living Income Benchmark.

TOC's living income analysis is based on data from a sample of households belonging to our longest-term partner cooperatives in Côte d'Ivoire. These households have been part of a multi-dimensional poverty index survey for five consecutive years. This year's survey will adopt a leaner approach, focussing on the most crucial aspects of achieving a living income. Key areas include household size, diverse income sources (beyond cocoa), cocoa production costs, and overall cocoa income. This analysis extends beyond the Beantracker overview, which monitors the cocoa acquired by TOC. Specifically, it will incorporate third-year data points on yields, household size, and the percentage of income derived from cocoa. Special emphasis will be placed on the panel data of households consistently surveyed throughout the MPI study, with a heightened focus on data quality during collection efforts.

Substantiate this by setting a quantitative target on the following indicator:

*Total # and % of farming households in supply chain for which a living income gap is measured:*

<b>By the end of 2024</b>	Extrapolated for 100 % of farming households
<b>By the end of 2025</b>	Extrapolated for 100 % of farming households
<b>By the end of 2026</b>	Extrapolated for 100 % of farming households

### **Living income strategy implementation**

Describe in max. 300 words what your organizations' plans are:

- to implement living income strategies (according to the ISCO definition<sup>2</sup>) throughout your supply chain;
- what that strategy entails and how the multiple income drivers around land size, yield, price, cost of production and diversified incomes are addressed;
- the expected impact around living income gap closure for households (households that closed the gap and those moving towards closing the gap).

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<sup>2</sup> See [ISCO Reporting Framework](#), p. 38

TOC plans to implement living income strategies throughout our supply chain, following the ISCO definition, by consistently paying the Living Income Reference Price (LIRP) and introducing an emergency productivity boost for the 2024/25 cocoa season. This boost will be tied to the farmgate price, ranging from €0/mt if the farmgate price is higher, to a maximum of €200/mt if the farmgate price is lower.

The strategy encompasses multiple income drivers, including land size, yield, price, production costs, and diversified incomes. TOC aims to assume a realistic farm size of around 2 hectares, reflecting our observations, as well as setting realistic yield targets and closely examining production costs and diversified income sources, especially considering the impacts of climate change on cocoa farms. All of these factors highlight the need for recovery and increased investment after years of underinvestment.

Our goal is to close the living income gap for households, helping those who have already closed the gap and those progressing towards it. The current LIRP model assumes an aspirational yield of 800kg/ha. However, given current conditions, this target seems unachievable for most farmers, with the industry average around 520kg/ha. In Tony's Open Chain supply chain, about 50% of farmers produce more than 580kg/ha, and high-performing farmers reach 620kg/ha. While our approach results in stronger farmers than the industry average, achieving 620kg/ha remains an aspirational goal under current challenging circumstances.

This strategy will address the various factors affecting farmer incomes and promote sustainable agricultural practices. By focusing on realistic targets and supporting diversified income sources, TOC aims to create a more resilient and prosperous farming community, capable of overcoming the challenges posed by climate change and market fluctuations.

Substantiate this by setting a quantitative target on the following indicator:

*Total # and % of farming households in supply chain for which a living income strategy is implemented:*

<b>By the end of 2024</b>	100 % of farming households
<b>By the end of 2025</b>	100 % of farming households
<b>By the end of 2026</b>	100 % of farming households

### **Procurement practices**

Describe in max. 200 words what your organizations' plans are to change procurement practices, based on the three agreed principles in the DISCO Procurement Practices Position Paper<sup>3</sup> (please comment on each principle):

- Farmers are adequately remunerated so that sustainable cocoa farming can be profitable and enable them to earn a living income.
- Farmers and farmer groups are reliably and promptly paid for the cocoa beans supplied.
- Farmers and farmer groups have assurances from their off-takers in the form of longer term agreements for the supply of sustainable cocoa in the years to come.

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<sup>3</sup> See DISCO [Procurement Practices Position Paper](#)

All farmers delivering to TOC are adequately remunerated, ensuring that sustainable cocoa farming remains profitable and that they earn a living income. TOC mission allies consistently pay the Living Income Reference Price (LIRP) for all sourced cocoa. For the 2024/25 season, an added emergency productivity boost will further support farmers in achieving a living income.

Farmers and farmer groups receive reliable and prompt payments for their cocoa beans through the Beantracker system, thanks to thorough seasonal planning. TOC partner cooperatives benefit from long-term agreements with TOC mission allies, guaranteeing a minimum five-year demand for cocoa sourced according to the five sourcing principles.

These measures ensure financial stability and long-term sustainability for cocoa farmers, promoting a thriving and resilient farming community.

Substantiate this by setting a quantitative target on the following indicator:

*Total # and % of farming households in supply chain for which the procurement practices are adapted in line with the principles from the DISCO Procurement Practices Position Paper:*

<b>By the end of 2024</b>	100 % of farming households
<b>By the end of 2025</b>	100 % of farming households
<b>By the end of 2026</b>	100 % of farming households

## Plans on DISCO ambitions to end deforestation and forest degradation

### Traceability

Describe in max. 200 words what your organizations' plans are to source traceable up to the farm level.

As part of KPI 8, TOC tracks its operational traceability. For the 2023/24 reporting period, this KPI will be adjusted to trace up to the farm level instead of just the cooperative level, covering all farmers within TOC partner cooperatives.

1. KPI 08.01 measures the percentage of cocoa beans delivered for Tony's Open Chain Mission Allies to their processor that is traceable to farmers via TOC partner cooperatives.
2. KPI 08.02 tracks the split of overall TOC bean volume delivered, indicating what percentage has gone or will go into TOC products per market model:
  - a. Percentage of beans delivered for Bean to Machine.
  - b. Percentage of beans delivered for Bean to Brand.
3. KPI 08.03 measures the percentage of cocoa in Tony's Chokolonely's couvertures/liquid chocolate that is traceable to farmers via TOC partner cooperatives.

Data collection will continue via Beantracker and be audited by PwC as part of TOC's report assurance process. This enhanced traceability ensures greater accountability and transparency in TOC's supply chain, reinforcing the commitment to sustainable and ethical cocoa sourcing.

Substantiate this by setting a quantitative target on the following indicator:

*Volume in MT-BE and % sourced per traceability level by the end of 2024.*

<b>Origin unknown</b>	0 %
<b>Country known</b>	100 %
<b>Cooperative known</b>	100 %
<b>Farm known and having at least one coordination per farm (farm mapping) / Farm known, having point coordinates and /or polygons for plots less than 4ha and polygon boundaries of the plots bigger than 4ha.</b>	100 %

*Volume in MT-BE and % sourced per traceability level by the end of 2025.*

Origin unknown	0 %
Country known	100 %
Cooperative known	100 %
Farm known and having at least one coordination per farm (farm mapping) / Farm known, having point coordinates and /or polygons for plots less than 4ha and polygon boundaries of the plots bigger than 4ha.	100 %

Volume in MT-BE and % sourced per traceability level by the end of 2026.

Origin unknown	0 %
Country known	100 %
Cooperative known	100 %
Farm known and having at least one coordination per farm (farm mapping) / Farm known, having point coordinates and /or polygons for plots less than 4ha and polygon boundaries of the plots bigger than 4ha.	100 %

### Signing national initiatives aiming to end cocoa related deforestation in sourcing countries

Describe in max. 300 words what your organizations' plans are to sign and adhere to the national initiatives aiming to end cocoa related deforestation (e.g. Cocoa & Forests Initiative) in the countries you source from by indicating:

- Which national initiatives your organization already signed and are planning to sign
- Beyond deforestation free initiatives, what is your organization doing to contribute to protecting forests and restoring natural forests degraded by cocoa production s, especially around:
  - (HCV/HCS) mapping;
  - Monitoring forest remnants;
  - Establishment of cocoa agroforestry systems;
  - Restoration of natural forests that have been degraded by cocoa.

TOC conducts GPS polygon mapping for all farms, regardless of size, tracking this data through KPI 14. A comprehensive land use change analysis, performed by Satelligence, supports these efforts. Additionally, farmer coaching is established at all TOC partner cooperatives, emphasizing agroforestry approaches, particularly the integration of shade trees.

TOC assesses the forest risk loss index to prioritize and focus efforts on farms at risk. This targeted approach ensures that resources are directed where they are most needed, helping to mitigate deforestation and promote sustainable farming practices. Furthermore, TOC places a strong emphasis on biodiversity, encouraging the planting of diverse tree varieties on cocoa farms.

Substantiate this by setting a quantitative target on the following indicator:

*National initiatives aiming to end cocoa related deforestation signed.*

	Sourcing from Ghana and signed <a href="#">CFI Côte d'Ivoire</a>	Sourcing from Ghana and signed <a href="#">CFI Ghana</a>	Sourcing from Cameroon and signed <a href="#">RDFC Cameroon</a>	Sourcing from Colombia and signed <a href="#">CB&amp;P Colombia</a>
By the end of 2024	Not signed	Not signed	Not sourcing from Cameroon	Not sourcing from Colombia

<b>By the end of 2025</b>	Not signed	Not signed	Not sourcing from Cameroon	Not sourcing from Colombia
<b>By the end of 2026</b>	Not signed	Not signed	Not sourcing from Cameroon	Not sourcing from Colombia

### Deforestation-free sourcing

Describe in max. 200 words what your organizations' plans are to source deforestation-free<sup>4</sup>.

Satelligence is responsible for conducting a thorough analysis of all farms supplying cocoa to TOC. The analysis for the 2023/24 period revealed that 99.96% of the supply chain was deforestation-free, though 12 farms required follow-up. This analysis will be repeated for the 2024/25 period. Additionally, addressing historical deforestation remains crucial, and TOC is committed to reforestation as a key future objective.

Substantiate this by setting a quantitative target on the following indicator:

*Volumes in MT-BE and % sourced that can be claimed as deforestation-free differentiated per cut-off date (please indicate the latest date).*

<b>By the end of 2024</b>	100 % sourced claimed deforestation-free per 2014 (Rainforest Alliance cutoff date)
<b>By the end of 2025</b>	100 % sourced claimed deforestation-free per 2014 (Rainforest Alliance cutoff date)
<b>By the end of 2026</b>	100 % sourced claimed deforestation-free per 2014 (Rainforest Alliance cutoff date)

### Plans on DISCO ambitions to end child labour

#### Child labour Monitoring and Remediation System (CLMRS) or equivalent system roll out

Describe in max. 200 words what your organizations' plans are to roll out Child labour Monitoring and Remediation System (CLMRS) or equivalent system throughout your supply chain.

TOC has implemented CLMRS in every household of all farmer members across its partner cooperatives. The goal is to consistently maintain this standard.

Substantiate this by setting a quantitative target on the following indicator:

*Total # and % of farming households in supply chain that are covered by a Child Labour Monitoring and Remediation System (CLMRS) or equivalent system:*

<b>By the end of 2024</b>	100 % of farming households
<b>By the end of 2025</b>	100 % of farming households
<b>By the end of 2026</b>	100 % of farming households

<sup>4</sup> See [ISCO Reporting Framework](#), p. 37