



FERRERO 2022-23 COCOA & FORESTS INITIATIVE PROGRESS REPORT

Côte d'Ivoire and Ghana

FERRERO



Cocoa &
Forests
Initiative

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Foreword

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Chief Procurement & Hazelnut
Company Officer at Ferrero



I am pleased to share Ferrero's Cocoa and Forests Initiative (CFI) annual report. Last year we renewed our CFI Action Plan setting ambitious targets for 2025 around our key priority areas: Traceability, Agroforestry, Village Savings and Loans Associations (VSLA) and Income Generating Activities (IGA). We are very proud to demonstrate that in line with our values we are translating our strong commitments into clear and meaningful actions and that we are well on track to achieve our new targets.

As a founding member of the CFI, we continue our strong commitment to protect and restore the forests in Côte d'Ivoire and Ghana, promote the transition to more sustainable cocoa production and support farmers in diversifying their income. This is critical to increase the resilience of fragile ecosystems and of farmers and communities. We do this through our holistic, integrated approach outlined in our **Ferrero Cocoa Charter** that addresses economic, social and environmental challenges.

While our CFI results strengthen us in the belief that the sustainability journey we embarked on several years ago is heading in the right direction, we also clearly observe that the cocoa sector at large in West Africa is at serious risk. For this 2023-24 crop, we are experiencing significant cocoa shortfalls. Over- or undersupply are not uncommon phenomena to supply chains. However, when we look at the underlying factors of the current cocoa shortfalls it becomes clear that the situation is concerning. Some of the factors can be addressed effectively if appropriate actions are taken such as the treatment of swollen shoot infected areas that we are actively supporting in Ghana (see our success story on p.11), the replacement of ageing cocoa trees and the conversion of traditional cocoa farming to cocoa agroforestry systems.

Can we reverse climate change and its dramatic effects? Weather patterns are changing with more erratic and intense rainfall during the wet season leading to soil erosion and increase of diseases affecting

trees, interchanged with longer periods of drought. Various international studies are also showing models projecting temperatures to gradually increase which is particularly alarming for the countries in the Tropical Belt that are more vulnerable to climate change.

Long-term, damaging effects of illegal gold mining – also called “galamsey” – on cocoa farms and the environment are particularly concerning and difficult to reverse. These have corresponding effects on the livelihoods of farmers. Due to the use of toxic chemicals, affected areas are not suitable for agriculture for at least twenty years. Particularly in the last years, we have observed a rapid, uncontrolled surge of illegal gold mining in Ghana. Satellite imagery shows that in 2023 about 28,000 hectares of cocoa farms (3% total) have been taken over by galamsey and an area of about 5,000 hectares, the equivalent of Brussels, has been destroyed. It's no surprise that the director of Cocobod has called galamsey “the largest threat to cocoa farming”.

It is very clear that these challenging times require leadership and vision and in particular strong actions from all stakeholders involved to address the issues that threaten the cocoa sector with the objective to ensure a steady and stable supply of cocoa. We believe the CFI model can serve as a blueprint in how to organize collective action in an effective way to create lasting change and drive impact at scale.

We have to ensure though that in our endeavor as sector to restore cocoa production back to good levels this is done in harmony with the forest. We believe that the European Deforestation Regulation (EUDR) can positively contribute to this.

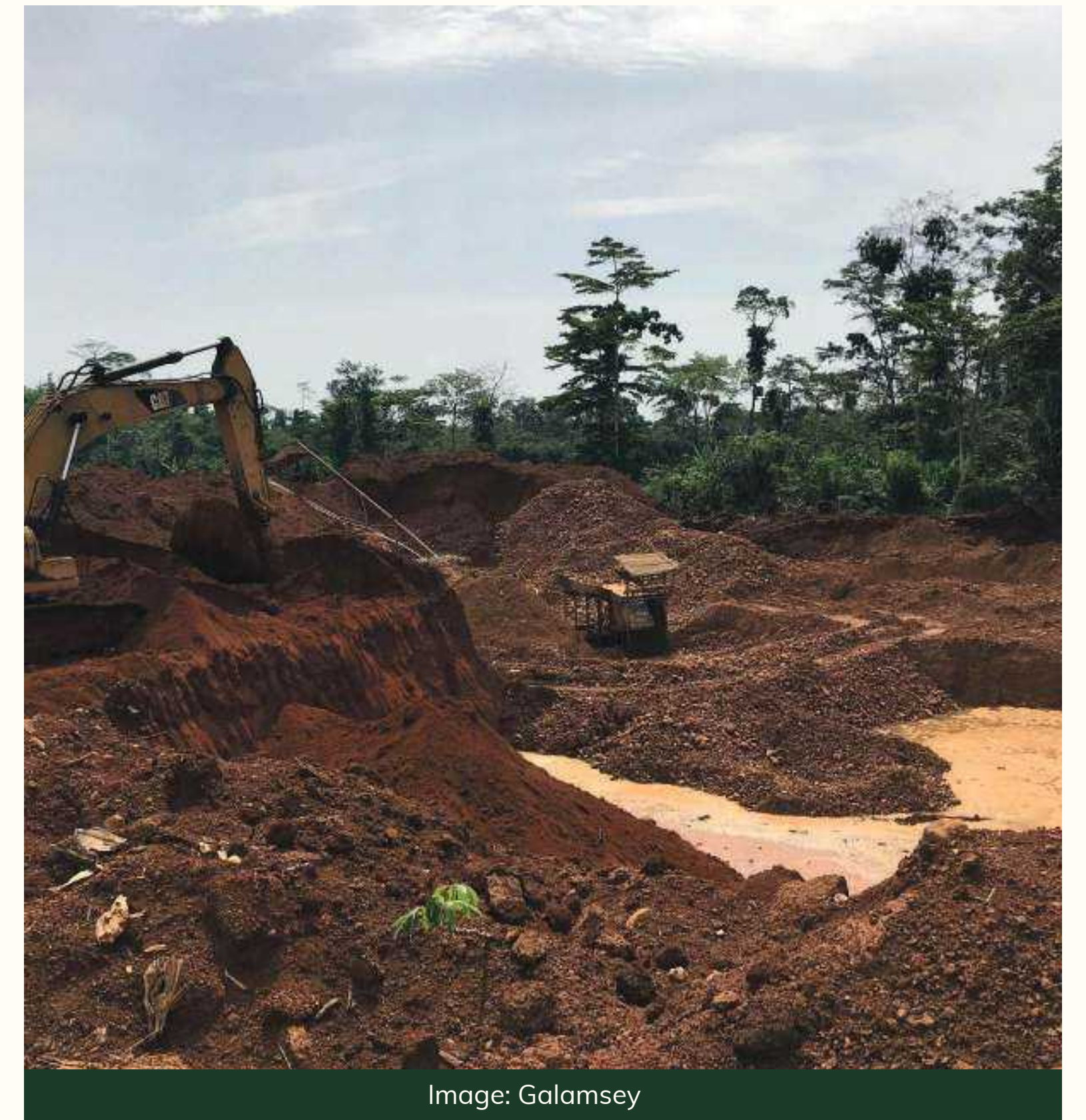


Image: Galamsey

FERRERO'S PROGRESS ON KEY CFI TARGETS

PRIORITY AREA	TARGET 2022-2025	RESULTS 2022-2023	PROGRESS TOWARDS TARGET 2025
TRACEABILITY	MINIMUM 90% annually of our sourced cocoa volume traceable from farm to first purchase point	96% traceable cocoa	 ABOVE ANNUAL TARGET
AGROFORESTRY	200,000 hectares with agroforestry (from 35% to 50% of total hectares by 2025)	166,000 hectares with agroforestry	 40% OF TOTAL HECTARES IN FERRERO SUPPLY CHAIN
VILLAGE SAVINGS AND LOANS ASSOCIATIONS	2,000 VSLA (+40% VS 21/22)	1,700 VSLA groups	 +13% VS 21/22
INCOME GENERATING ACTIVITIES	50,000 people supported with establishing IGA (double vs 21/22)	40,000 people with IGA	 +53% VS 21/22

FOREST PROTECTION AND RESTORATION

We are committed to playing our part in preserving the environment and ecosystems that nurture cocoa growth and the farmers that cultivate it. Our approach combines boots-on-the-ground support, facilitating tree planting and delivering agroforestry training, with investment in technology to assess deforestation risk and enable our farmers to improve their operations.

Results 2022-2023

391,000 hectares of land assessed for deforestation risk

1.4M non-cocoa trees distributed for on and off-farm planting

86,000 farmers applying agroforestry practices

9,600 farmers involved in payment for Ecosystem Services (PES)

75,000 farmers trained in Climate Smart Cocoa practices

FERRERO'S PROGRESS ON CFI ACTION PLAN 2022-2025



Fundamental to driving positive change is the visibility and traceability of the supply chain. In 2022-23 we continued to achieve a high level of traceability with 96% of our sourced cocoa cocoa beans in Côte d'Ivoire and Ghana traceable from farm to first-purchase point through our strong focus on sourcing from dedicated farmer groups, and via polygon mapping. Over the same period, 391,000 hectares of land was assessed for deforestation risk.

We continue to have a steady increase of farmers adopting agroforestry as a result of our support. By 2023-23, 87,000 farmers were applying agroforestry¹ (increase of 13% versus last year) across 166,000 hectares, increasing from 35% to 40% of our total hectares in Côte d'Ivoire and Ghana, on track to reach our target of 50% by 2025. For farmers, the benefits can include their crops becoming more resilient to climate change, diversifying their income, and ultimately protecting the environment.

To achieve success in agroforestry, a combination of training, distribution of trees and access to finance is needed. In 2022-23, in line with our annual target, over 75,000 farmers were trained in Climate Smart Cocoa practices and 70,000 farmers were trained on the forest code issued by the government.

We have continued our strong commitment to distribute non-cocoa trees in key regions, particularly for on-farm planting to support the conversion to agroforestry systems. In 2022-23 we distributed 1.3 million trees for on-farm planting putting us well ahead of achieving our target of 3 million trees by 2025.

We have also distributed over 100,000 non-cocoa trees for off-farm planting to support the restoration of 115 hectares of forest, of which 75 hectares in Classified Forests such as Mount Kourabahi in Côte d'Ivoire.

Activities enabling farmers to implement sustainable farming practices also include the Payment for Ecosystem Services (PES). The PES initiative provides farmers with valuable resources and incentives such as financial payments, trainings, fertilizers and tools in return for their work. In 2022-23 almost 9,600 farmers were involved in PES.



IN 2022-23 WE CONTINUED TO ACHIEVE A HIGH LEVEL OF TRACEABILITY WITH 96% OF OUR SOURCED COCOA BEANS IN CÔTE D'IVOIRE AND GHANA TRACEABLE FROM FARM TO FIRST-PURCHASE POINT THROUGH OUR STRONG FOCUS ON SOURCING FROM DEDICATED FARMER GROUPS, AND VIA POLYGON MAPPING.



¹“Cocoa agroforestry” describes production systems that incorporate and maintain non-cocoa tree species on the same plot as cocoa production. There is no single model for how cocoa agroforestry systems can be implemented or designed, and the diversity of options enhances the potential to achieve a number of benefits. The design of cocoa agroforestry systems should reflect the broader landscape and enabling environment as well as the farmer preferences and capacities. Depending on the design features of the system, cocoa agroforestry has the potential to deliver a range of benefits to the environment, climate, cocoa production, and socio-economic systems. In doing so, cocoa agroforestry systems may address deforestation, farmers' livelihoods, and forest restoration.

SUSTAINABLE PRODUCTION AND FARMERS' LIVELIHOODS

We support farmers to increase their profitability by encouraging the diversification of crops and supporting people to establish additional income sources to help maintain year-round profits and improve food security. Implementing self-sufficient financial services has been at the forefront of our grass-roots support for farmers and their families with a strong focus on women empowerment.

Results 2022-2023

43,000 farmers supported through Farm Development Plans

40,000 people participating in additional Income Generating Activities

1M improved cocoa seedlings distributed

1,700 active Village Savings & Loan Associations community groups

26,600 people enrolled in financial products and services

FERRERO'S PROGRESS ON CFI ACTION PLAN 2022-2025



Cassava processing machine

Ferrero's sustainability programme aims to improve farmer livelihoods through a mix of proactive initiatives. A main area of focus is to help farmers improve their cocoa farming

practices. Combined with diversifying crops and income sources, they can create year-round income and increase resilience.

Through Farmer Field Schools, in 2022-23 almost 114,000 farmers participated in Good Agricultural Practices training. This is slightly below our annual target (91%) as a result of our transition to provide more and more cocoa farmers with individual, targeted support. In 2022-23 over 63,000 farmers received one-to-one coaching, and by 2022-23, 43,000 farmers have been supported with individual, multiple-year Farm Development Plans (FDPs)².

To help improve the rehabilitation and performance of cocoa farms, we also continued our distribution of cocoa seedlings to farmers in Ghana³, supplying over 1 million in 2022-23, in line with our annual target.

²The FDP methodology aims to support farmers to develop long-term plans, between three to seven years, tailored specifically to their needs, and includes a focus on agroforestry, the adoption of sustainable practices and the roll out of cost-efficient infrastructure. Farmers' progress is then monitored, with ongoing one-to-one support provided where relevant.

³In Côte d'Ivoire it's still not feasible to provide improved cocoa seedlings to farmers due to the ban imposed by the government a few years ago. In light of the current developments on cocoa availability we hope the ban will be lifted soon so we can support Ivorian farmers to rehabilitate and rejuvenate their farms.

⁴VSLAs are community-based groups that provide members with vital micro-loans to invest in their farms or additional income-practices. Members, particularly women, often use these loans also to pay for school fees or other needs for their children.

As cocoa doesn't provide farmers a year-round income, we are actively supporting them to diversify their sources of income both on- and off-farm. This is particularly relevant as the cocoa production levels of farmers have plummeted due to climate change and other key drivers. By 2022-23 over 40,000 people, 62% of them women, were participating in Income Generating Activities (IGA) on- and off-farm, including the production of vegetables and fruit, soap making, beekeeping and chicken farming. This marks a significant increase of over 50% versus 2021-22 and on track to reach the 2025 target of 50,000 people participating in IGA.

Important to note is that the majority of the IGAs have been established through the Village Savings & Loan Association (VSLA)⁴, which have proved to be very effective platforms for IGAs and many other initiatives, mainly targeting women. In 2022-23 we had 1,700 active VSLAs made up of almost 46,000 members (72% women), that together had saved 3.8 million euros in 2022-23, of which the members loaned 2.5 million euro for various purposes.

Another important achievement was that almost 27,000 people benefitted from financial products and services and 26% of the farmers received their sustainability premium (paid on top of the commercial price) digitally, meaning transparent and safer payments.

Cocoa farmers face many challenges. One of the big threats is the Cocoa Swollen Shoot Virus (CSSV) that can reduce cocoa yield up to 70% and eventually kills the infected cocoa trees. This deadly virus has caused enormous havoc in West Africa with 12% of the cocoa farms in Côte d'Ivoire and no less than 30% of farms in Ghana affected. Recognizing the detrimental effects for the livelihoods of cocoa farmers and the need for strong action, we decided to support Ghana's National Cocoa Rehabilitation Programme which applies a forward-looking approach to sustainable cocoa production and ensuring farmer resilience, combining cocoa rehabilitation with agroforestry. We invite you to read more about this on p. 11.



AS COCOA DOESN'T PROVIDE FARMERS A YEAR-ROUND INCOME, WE ARE ACTIVELY SUPPORTING THEM TO DIVERSIFY THEIR SOURCES OF INCOME BOTH ON- AND OFF-FARM. THIS IS PARTICULARLY RELEVANT AS THE COCOA PRODUCTION LEVELS OF FARMERS HAVE PLUMMETED DUE TO CLIMATE CHANGE AND OTHER KEY DRIVERS.



COMMUNITY ENGAGEMENT AND SOCIAL INCLUSION

Involving farming communities in the protection and restoration of forests and empowering them to take action is fundamental to achieve our common objectives. We are also focused on delivering training and supporting development to promote female empowerment, and to mobilize and empower youth to provide farm services and enable them to earn an income.

Results 2022-2023

181 communities with active forest restoration and protection programmes

68,000 hectares under Community Based Natural Resource Management (CBNRM)

4,500 youth engaged through community service groups

3,200 'clean cookstoves' distributed to families across several communities

FERRERO'S PROGRESS ON CFI ACTION PLAN 2022-2025



To protect and restore forests, it's fundamental to involve all relevant stakeholders through collective action with the communities placed at the center driving the process. This approach is at the heart of the CREMA model which stands for Community Resource Management Areas. CREMAs have proven to be a very successful tool for natural resource management and planning that provides communities with resources for community initiatives and helps them protect forest and wildlife within the CREMA. One of the pioneers of this model has been the Ghanaian NGO Nature Conservation Research Centre (NCRC).

NCRC is coordinating the Kakum Landscape project in Ghana that we joined two years ago. This multi-stakeholder partnership involves

communities around the national park, the Forestry Commission, Cocoa Board, and companies including Ferrero, Hershey, Lindt, ofi and Ecom. This partnership serves as a blueprint for other landscapes. For more details about this inspiring project see p.14.

In total, we supported 181 communities in Côte d'Ivoire and Ghana in 2022-23 with active forest restoration and protection programmes that together covered 68,000 hectares, almost 30% more hectares than previous year.

As part of our long-term goals, we're also focused on engaging with young people through community service groups or 'pruning groups'. These groups provide farming services to farmers like pruning. The scheme, which aims to

provide employment to youth as well as showcase the benefits of farming as a career path, engaged with 4,500 youths throughout 2022-23.

To help mitigate deforestation and establish sustainable practices outside of cocoa farming, in 2022-23 Ferrero distributed 3,100 clean cookstoves. The stoves are designed to reduce wood consumption and create a cleaner form of daily cooking for households. Taking sustainability measures into the wider community has been crucial to driving change through practical support and education.



CREMAS HAVE PROVEN TO BE A VERY SUCCESSFUL TOOL FOR NATURAL RESOURCE MANAGEMENT AND PLANNING THAT PROVIDES COMMUNITIES WITH RESOURCES FOR COMMUNITY INITIATIVES AND HELPS THEM PROTECT FOREST AND WILDLIFE WITHIN THE CREMA.



LOOKING FORWARD TO 2024 AND BEYOND

In collaboration with our suppliers, we will continue with the same spirit and determination to achieve our ambitious CFI targets for 2025 focusing on our key priority areas. We will need to see, however, the potential impact of the significant 2023-24 crop disruptions in Côte d'Ivoire and Ghana. An example would be on traceability as many suppliers were not able to buy from their normal supplying sources to achieve their volume targets. But more importantly it would be crucial to assess the impact on farmer livelihoods as many farmers had much less cocoa to sell and they often lack the buffers to cope with such downfalls.

The challenges we are facing as a sector are momentous. The road ahead of us will not be an easy one. It's not too late however to turn the tide and CFI can be a guiding light in crafting the right path forward. The time is now for all relevant stakeholders – governments from producing and consuming countries, companies, farmer groups, civil society and others – to combine efforts to drive positive impact for farmers and forests. As Ferrero we are committed to take our responsibility and contribute to what is needed to achieve our common goals.

WHAT IS THE COCOA & FORESTS INITIATIVE?

COLLECTIVE ACTION TO END COCOA-RELATED DEFORESTATION

The governments of Côte d'Ivoire and Ghana and 36 leading cocoa and chocolate companies, representing 85% of global cocoa usage, joined together in the **Cocoa & Forests Initiative** to end deforestation and restore forest areas. Their combined actions play a crucial role in protecting and restoring biodiversity, sequestering carbon stocks in West African forests, and addressing climate change in line with the Paris Climate Agreement. The Cocoa & Forests Initiative delivers on Sustainable Development Goal 13 (Climate Action) and 15 (Life on Land).

The Cocoa & Forests Initiative is a public private partnership based on frameworks for action (**Côte d'Ivoire** and **Ghana**) and action plans for the private sector (**Côte d'Ivoire** and **Ghana**) and public sector (**Côte d'Ivoire** and **Ghana**) that spell out commitments to:

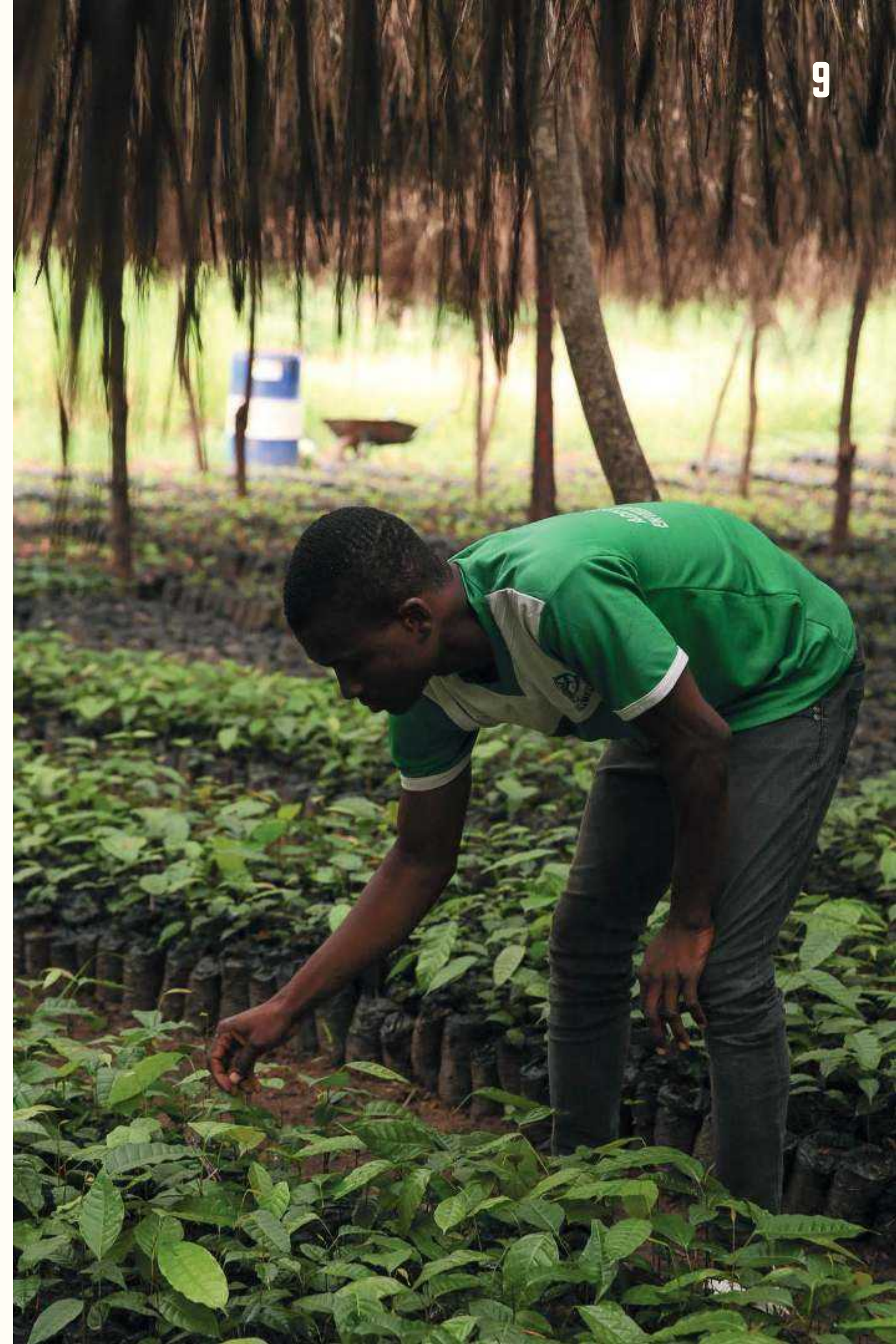
- protect and restore forests,
- promote sustainable cocoa production and farmers' livelihoods,
- engage communities and boost social inclusion.

To learn more, follow #CocoaAndForests on social media, or visit **Cocoa & Forests Initiative**.

The **World Cocoa Foundation** (WCF), **IDH**, the **Sustainable Trade Initiative**, and the Governments of Côte d'Ivoire and Ghana drive the Cocoa & Forests Initiative. King Charles III, then the Prince of Wales, launched the Initiative in March 2017 and reviewed implementation progress in November 2018.

Deforestation of tropical rainforests is a major issue in Côte d'Ivoire and Ghana, which together produce nearly two-thirds of the world's supply of cocoa, the main ingredient in chocolate. **Côte d'Ivoire** and **Ghana** respectively lost 26% and 9.3% of their humid primary forest between 2002 and 2020, with a significant portion of deforestation attributable to cocoa farming expansion.

Cocoa provides crucial income to communities in rural West Africa, but farmers are too often faced with poverty. Poverty is one of the principal causes of deforestation. Accelerating a transition to sustainable livelihoods is essential for farmers' economic security and a healthy planet.



WHAT ARE THE KEY COMMITMENTS IN THE COCOA & FORESTS INITIATIVE?

The first priority is the protection and restoration of forests that have been degraded. To this end, the governments and companies have pledged no further conversion of forest land for cocoa production and have committed to the phased elimination of illegal cocoa production and sourcing in protected areas.

Both countries are introducing a differentiated approach for improved management of forest reserves, based on the level of degradation of forests. In 2019, the government of Côte d'Ivoire adopted and published a new forest code which, among other things, put forth policies for the promotion of cocoa agroforestry to restore degraded land, improve forest cover, and promote sustainable livelihoods and agriculture in the classified forests and rural zones. Both governments have shared maps on forest cover and land use, and continue to update the maps, including socio-economic data on cocoa farmers, to inform private sector investments.

To ensure effective implementation and monitoring of these commitments, companies have pledged to develop traceability from farm to the first purchase point for their own purchases of cocoa. They also work with governments to ensure an effective national framework for traceability encompassing all traders in the supply chain and to anticipate forthcoming due diligence legislation. The companies will similarly share information with the national satellite monitoring platforms (in development) to effectively monitor progress on CFI, as well as proactively address threats of new deforestation.

The next critical priority is sustainable agricultural production and increased farmer incomes. These are essential pre-requisites for reducing pressure for agricultural encroachment into forests and strengthening the resilience of cocoa farmers to climate change.

The governments and companies are accelerating investment in long-term productivity of cocoa in order to grow “more cocoa on less land.” Key actions include provision of planting materials for the promotion of cocoa agroforestry, training in good agricultural practices, soil fertility, land tenure reform, and capacity building of farmers’ organizations. Sustainable livelihoods and income diversification for cocoa farmers are being accelerated through food crop diversification, agricultural inter-cropping, and development of mixed agroforestry systems and shade-grown cocoa.

The final area of focus is strong community engagement and social inclusion, with a particular focus on women and youth. The governments and companies have committed to full and effective consultation and participation of cocoa farmers in the design and implementation of key actions, and promotion of community-based management models for forest protection and restoration. The governments have adopted social and environmental safeguards and are assessing and mitigating the social impacts and risks of any proposed land-use changes on affected communities.



Success stories

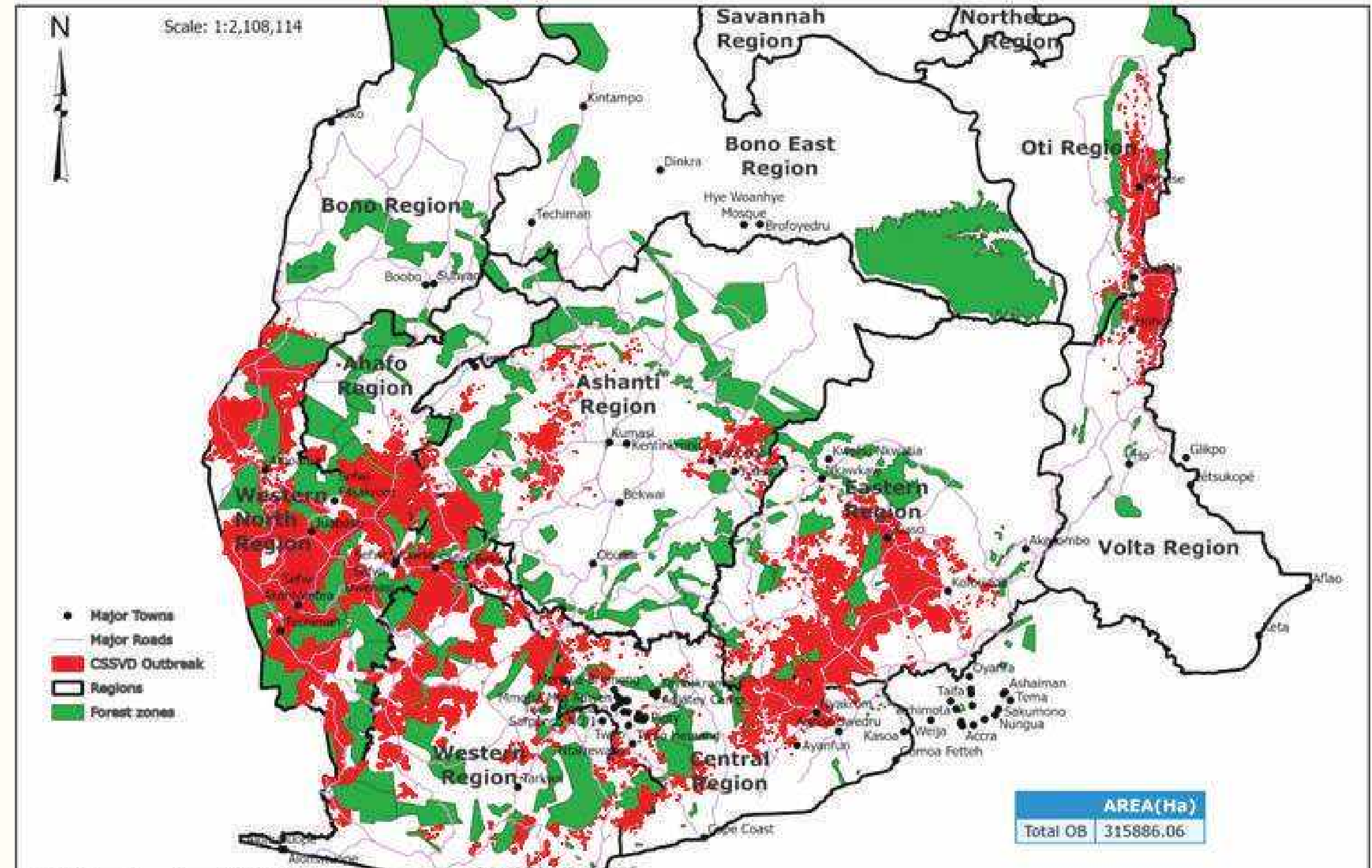
SUPPORTING THE REHABILITATION OF SWOLLEN SHOOT INFECTED AREAS WITH AGROFORESTRY

TAKING ACTION TO REVITALIZE THE WESTERN REGION IN GHANA AND BOOST SUSTAINABLE COCOA PRODUCTION AND FARMER LIVELIHOODS

As of today, 590,000 hectares of Ghana's cocoa plantations (30% of total cocoa hectares) have been struck by disease, notably the Cocoa Swollen Shoot Virus (CSSV).⁵ Furthermore, an increasing number of plantations are considered overaged and unproductive, according to the country's official cocoa authority, the Ghana Cocoa Board. CSSV has infected farms in various cocoa producing regions of Ghana but the area most affected has been the Western region where production levels declined with 50% compared to 2017-18 crop.

When cocoa farms are infected by CSSV the only effective remedy is to cut down all infected cocoa trees and only then start rehabilitation by planting new cocoa trees. After proper treatment it can take 5 to 10 years for cocoa farms to be fully productive again.

Up until now, more than 67,000 hectares of affected farms have been successfully rehabilitated through the official Ghana's National Cocoa Rehabilitation Programme. A third of these rehabilitated farms are ready to be handed over to beneficiary farmers. However, many farmers are likely to face difficulties to maintain and to nurture the rehabilitated farms to their full potential.



Cocoa Swollen Shoot Virus infested areas in Ghana (source: Cocoa Health and Extension Division of Ghana Cocoa Board)

⁵ For more details on CSSV see Cacao swollen shoot virus - Wikipedia

In line with our commitment to CFI, we decided to support the National Cocoa Rehabilitation Programme, in collaboration with our supplier Touton and other implementing partners. We are providing resources for additional services which include farm maintenance and the planting of extra permanent shade trees to convert the rehabilitated farms into resilient and sustainable cocoa agroforestry systems.

The agroforestry project is being piloted in the country's Western cocoa producing regions. The objective is to plant between 17,500 and 22,500 additional permanent shade trees from six different species, resulting into an extra 16 to 45 shade trees per hectare.



Planting activities National Cocoa Rehabilitation Programme, Western Region



Planting activities National Cocoa Rehabilitation Programme, Western Region

More than 400 cocoa farmers from the Juabeso and Dunkwa cocoa districts are participating in the initial phase of the project of which 26% percent are women producers.

The Executive Director of COCOBOD's Cocoa Health and Extension Division (CHED), Mr Edwin Afari, has commended the timeliness and relevance of the project.



A FEW YEARS AGO, COCOBOD AND THE GOVERNMENT TOOK THE CRUCIAL FIRST STEPS AT REHABILITATING OUR STOCK OF DISEASED AND MORIBUND COCOA FARMS WITH THE AIM OF BOOSTING YIELD AND INCREASING OUTPUT. IT IS, INDEED,

HEARTWARMING TO HAVE PARTNERS LIKE TOUTON AND FERRERO JOIN HANDS WITH US TO TAKE OUR EFFORT TO THE NEXT LEVEL IN THE INTEREST OF OUR PLANET AND BUSINESS SUSTAINABILITY.



The CHED chief regrets the negative toll of the CSSV and climate change on global cocoa production and encouraged deeper partnerships among industry stakeholders to scale the cocoa agroforestry intervention to roll back the effects of climate change. Afari emphasizes that more investments are needed in treating affected farms and establishing new ones, while supporting the farmers in farm maintenance. It is also needed to scale-up the planting of economic shade trees on rehabilitated farms.

Ernest Dwamena, Country Director of Touton Ghana, explains:



FERRERO AND TOUTON ARE EXCITED TO PARTNER WITH COCOA FARMERS IN THIS TRAILBLAZING INITIATIVE TO BUILD CLIMATE RESILIENCE IN OUR SUPPLY CHAINS. IT ALSO ALLOWS US THE OPPORTUNITY TO SUPPORT THESE SMALLHOLDERS TO DEVELOP RESILIENT FARMS THAT ARE EUDR-COMPLIANT, THEREBY SUSTAINING THEIR PRIMARY SOURCE OF LIVELIHOOD THROUGH COCOA PRODUCTION.



Ernest highlights that discussions are also ongoing to secure tree tenure rights for beneficiary farmers to enable them to benefit from future proceeds from timber harvested in their farms.

One of the cocoa farmers participating to the Cocoa Rehabilitation project is **Michael Tetteh**. A 34-year-old **cocoa farmer**, married with two children from the Awudukrom, Bonsu Nkwanta district in the Western North Region. He explains his participation to the project that started in 2021 in Bonsu Nkwanta district.



PRODUCTION LEVELS HAVE GREATLY REDUCED. A FEW YEARS AGO WE HARVESTED BETWEEN 200-300 BAGS PER SEASON AND NOW WE ARE ONLY PRODUCING AROUND 10 BAGS! THIS IS DUE TO THE SWOLLEN SHOOT DISEASE AND TO THE OLD TREES NOT BEARING MUCH FRUIT.



Michael and other farmers in the area were informed that the only solution to the problem was a complete farm rehabilitation that involved cutting down all the cocoa trees and replanting them with new cocoa trees to get rid of the disease. To achieve this successfully, they were encouraged as farmers to fully participate in the National Cocoa Rehabilitation Programme which they agreed to.

The farmers have also planted different trees in their farms: for every cocoa seedling, they plant a plantain tree. This way, they can eat the plantain but also sell it to generate income while they are waiting for their cocoa trees to start producing in the next two years, when their farms are fully restored.



Cocoa farmer Michael Tetteh



IF IT WAS NOT FOR THIS INTERVENTION, WE WOULD HAVE BEEN IN SERIOUS TROUBLE. I ENCOURAGE OTHER FARMERS WHO MIGHT BE FACING SIMILAR PROBLEMS, BUT ARE RELUCTANT TO GET THEIR FARMS REHABILITATED, TO COME TO AWUDUKROM AND SEE THE EVIDENCE TO BE MOTIVATED TO DO THE SAME.



Michael also sheds light on how climate change has affected cocoa production and farming patterns. He highlights how farmers in the area are actively fighting deforestation: “When we were young there was a season for rain which we would experience in January or February every year. Rainfall brings forth good yield as it helps with good pod formation which in turn translates into profit for us, farmers. The seasons have changed and now we are experiencing excessive sunshine which dries out the cocoa pods hence drastically reducing yield and our income. Deforestation is a major contributor to the harsh weather conditions we are currently experiencing. Trees promote rainfall which boosts cocoa yield but once the trees are cut down and land is left bare, we suffer from continuous sunshine”.

This is why the farmers have formed a society in Bonsu Nkwanta Region that reinforces teachings against cutting down trees indiscriminately without replanting new ones. They have also planted trees to provide shade for their cocoa. Some of these trees are a natural source of medicine and have ultimately reduced their medical costs as well.

Success stories

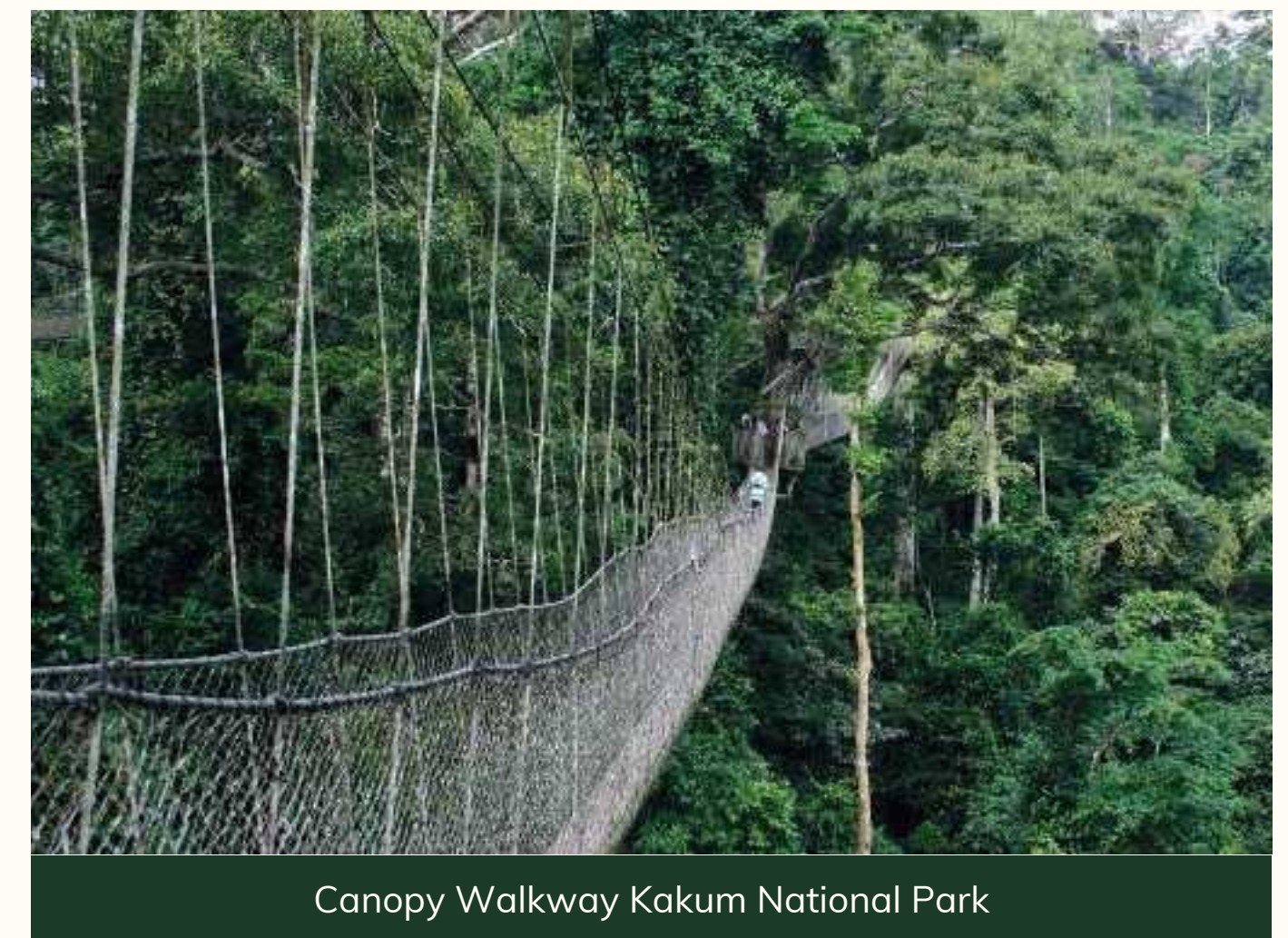
KAKUM SUSTAINABLE LANDSCAPE PROJECT IN GHANA

AN INNOVATIVE, COMMUNITY-DRIVEN PUBLIC-PRIVATE PARTNERSHIP THAT BENEFITS PEOPLE AND PLANET

We strongly believe that collective action at landscape level involving all key stakeholders is the best way to protect existing forests and implement reforestation activities. Already for various years we are therefore supporting several landscape programs in Côte d'Ivoire and Ghana as part of our CFI commitments. One of them is the Kakum Sustainable Landscape Project in Ghana. This successful multi-stakeholder partnership is led by the Ghanaian NGO **Nature Conservation Research Centre** (NCRC) and involves communities, the Ghana Forestry Commission, Ghana Cocoa Board, and the companies Ferrero, Hershey, Lindt, ofi and Ecom.

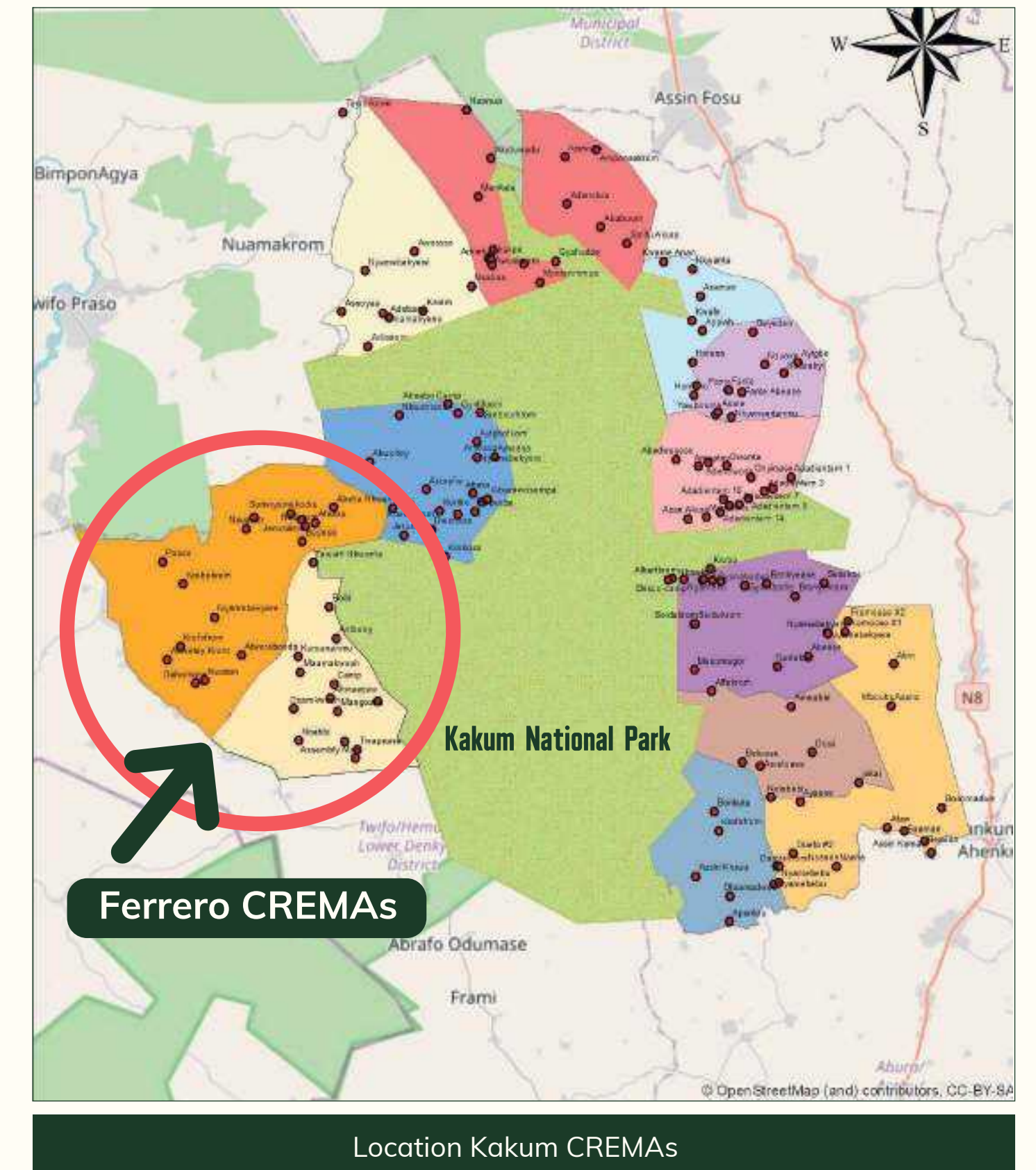
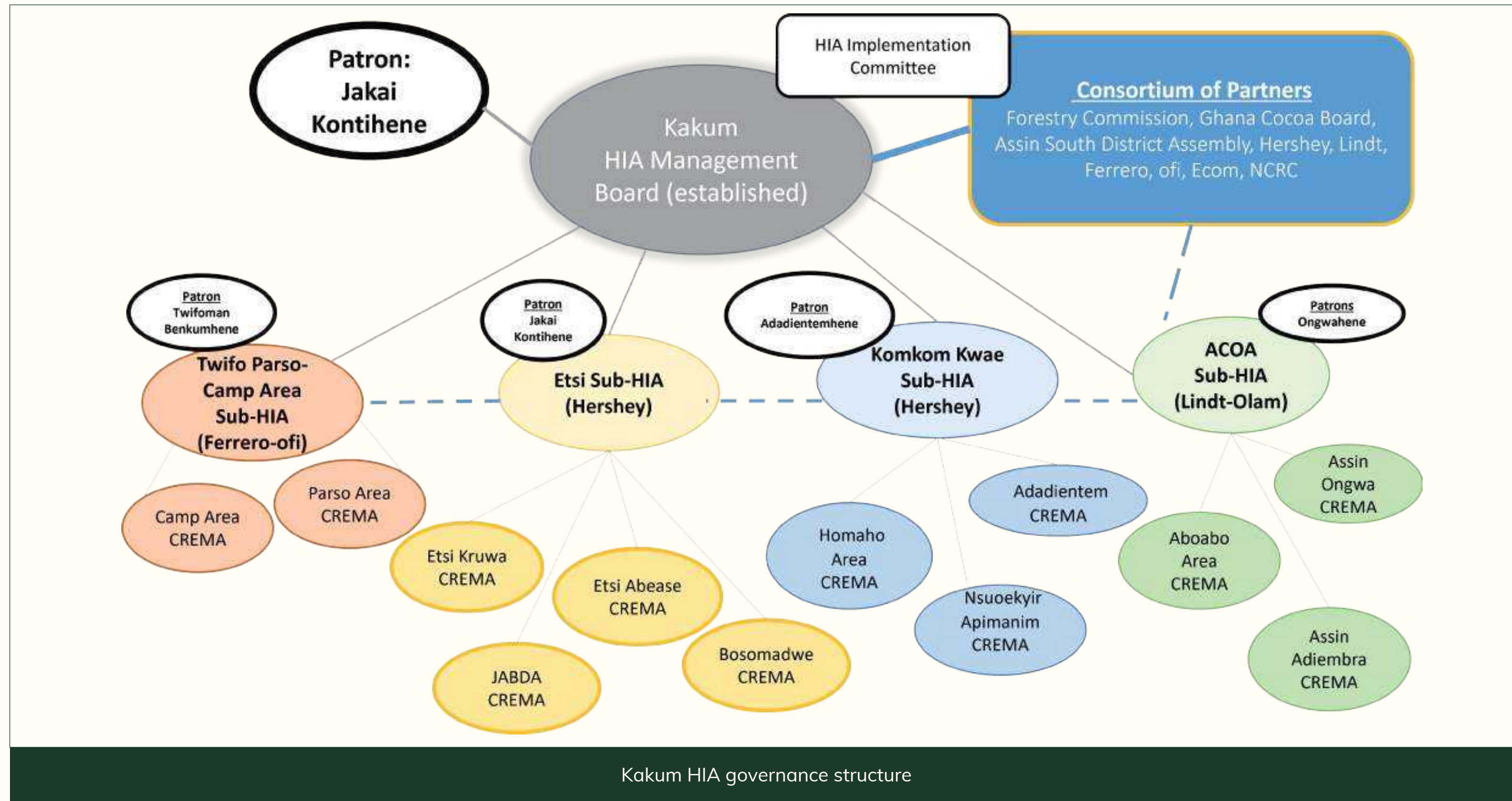
The world-renowned **Kakum National Park** is located in the Central Region of southern Ghana and covers 375 square kilometers, about twice the size of the city Milan. The park is rich in biodiversity containing a pristine tropical rainforest and being home to many endangered species including elephants, monkeys, antelopes, numerous butterflies and birds and other wildlife species that yearly attract thousands of ecotourists from around the world. The famous Canopy Walkway is suspended 30 meters above the ground and provides beautiful treetop views of the forest. In 2017 the government of **Ghana, as part of the Ghana Cocoa Forest REDD+ Program** (GCFRP), the world's first commodity-based emission reductions program, designated Kakum as one of the six Hotspot Intervention Areas (HIA)⁶ in the country. Kakum's selection as a HIA recognized the landscape as containing a critically important forest, which is entirely surrounded by cocoa farming, with growing threats to the forest ecosystem and its biodiversity.

The main goals of the Kakum Sustainable Landscape Project are to support transformation of the precious landscape into a more sustainable and climate-smart cocoa agroforestry system and source of cocoa beans and additional livelihoods, which serves to protect forests, conserve carbon and biodiversity, and enhance farmers' wellbeing, livelihoods and resilience to climate change. In other words, creating a landscape in which people and nature co-exist in harmony.



Canopy Walkway Kakum National Park

⁶Hotspots of cocoa, threatened forests and with multiple stakeholders and actors. HIAs constitute 100,000-200,000 ha landscapes with farms, forests, and rivers, and other resources. They are made up of communities, farmers and traditional leaders who voluntarily enter into a process to govern the natural resources on their land and in the landscape. HIAs are target landscapes for implementation of REDD+ and sustainable, climate-smart cocoa production



The strength of the project lies in its governance set-up which is truly bottom-up. NCRC has pioneered the thinking behind community protected areas through the Community Resource Management Area (CREMA) mechanism. The CREMA principle is that local governance structures are established with all relevant stakeholders – traditional authorities, community leaders and other key stakeholders like the District Assembly, Wildlife Division and cocoa sourcing partners – which are formalized and oversee

the landscape management and planning, including monitoring progress. The local governance structures exist at different levels. The highest governance body is the HIA Management Board (HMB) that oversees the entire landscape. Then at sub-levels there are the Sub-HIAs which are represented within the HMB and made up of one or more CREMAs that each represent a number of communities.

Today Kakum's landscape governance system is developed and fully functional. It covers over 61,000 hectares on the border of the park, and includes 12 CREMAs that encompass no less than 136 communities, 4 Sub-HIAs and a HIA Management Board. Ferrero is supporting one of the Sub-HIAs, Twifo Parso-Camp Area, which is located west of the park and includes two CREMAs that together represent 25 communities (see map for more details).



Executive Committee of the Sub-HIA Twifo Parso-Campa Area being sworn in by the Park Manager of Kakum National Park



Rebecca Anoff has been elected as Chairperson of the Parso Area CREMA, in the Twifo Parso-Camp Area Sub-HIA. The 49-year old mother of six children is not only the first woman in Ghana to be elected as Chairperson of a CREMA, but she is also an HIA Management Board member for the Kakum HIA.

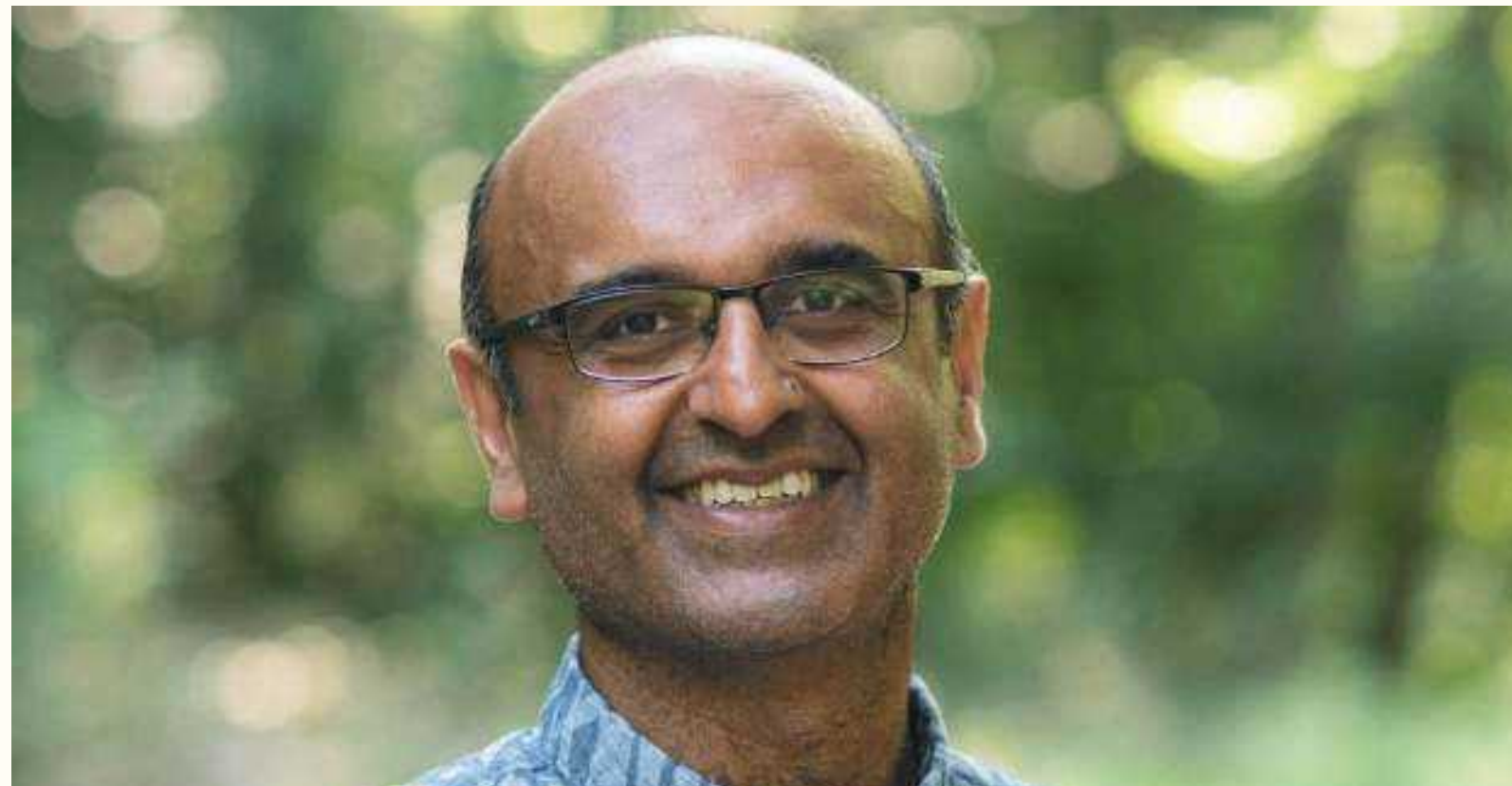


WITH THE INTRODUCTION OF CREMA GOVERNANCE IN OUR AREA BY NCRC AND ITS PARTNERS AND WITH SUPPORT FROM FERRERO-OFI, WE'VE GAINED A LOT OF UNDERSTANDING AND KNOWLEDGE ON THE IMPORTANCE OF BIODIVERSITY CONSERVATION AND AWARENESS ABOUT CLIMATE CHANGE, ESPECIALLY ITS IMPACT ON COCOA PRODUCTION, AND HOW CLIMATE SMART COCOA PRACTICES CAN BE USED TO MITIGATE THESE IMPACTS AND INCREASE YIELDS.



There are numerous achievements and ongoing plans for the Kakum Sustainable Landscape Project. This is ranging from the distribution of shade trees to support further upscaling of reforestation and agroforestry and activities on income diversification such as the production and sales of kombo nuts to the carbon benefit sharing program which will provide money for community development such as the construction of schools and training of the Sub-HIA Executive Committees on Trust Funds and financial management.

NCRC also partners with Oxford University and its Leverhulme Centre for Nature Recovery (LCNR). This important partnership will facilitate more complex analysis and understanding of the project over the long-term. The monitoring by LCNR will include socio-economic surveys and participatory mapping among community members, generation of LiDAR drone-scapes to understand land-use structures and change in greater depth, and acoustic monitoring to assess the biodiversity levels in the landscape.



Professor Yadvinder Malhi

Yadvinder Malhi CBE FRS is Professor of Ecosystem Science at the Environmental Change Institute, School of Geography and the Environment at Oxford. He is also a Senior Research Fellow at Oriel College and the Director of the Leverhulme Centre for Nature Recovery.



FOR OVER TEN YEARS, THE UNIVERSITY OF OXFORD HAS BEEN ENGAGED IN SOCIO-ECOLOGICAL STUDIES IN KAKUM WITH NCRC, AND OTHER PARTNERS LIKE THE FORESTRY RESEARCH INSTITUTE OF GHANA AND THE WILDLIFE DIVISION. THIS COLLABORATION HAS EXPLORED HOW FOREST ECOLOGICAL HEALTH AND CLIMATE CHANGE AFFECT COCOA FARMING, AND HOW THIS IN TURN IMPACTS FARMERS' WELLBEING. IT AIMS TO SUPPORT THE DEVELOPMENT OF FARMING APPROACHES THAT SUPPORT BOTH CLIMATE-RESILIENT LIVELIHOODS AND THRIVING BIODIVERSITY. THE KAKUM RESEARCH IS A CRITICALLY IMPORTANT CONTRIBUTION TO THE GLOBAL CHALLENGE OF WORKING OUT HOW WE COMBINE HUMAN DEVELOPMENT, CLIMATE CHANGE RESILIENCE AND A FLOURISHING BIOSPHERE.



The Kakum Sustainable Landscape Project was launched in 2018 and after only a few years has already shown its potential. The use of remote sensing to monitor land-use and land-use change showed that by 2022, the forest in Kakum National Park had stabilized and deforestation had effectively been halted, suggesting a shift from the forest being a source of emissions prior to the start of the project, to an emerging carbon sink (source of removals) by 2022, as a result of the project. In addition, the forest reserves across the entire three-district HIA area were also rapidly stabilizing, as the rate of deforestation declined by 60% and the rate of forest degradation declined by 70% in the forest reserves. These results reflect the collective and collaborative nature of the partnerships in the Kakum landscape.

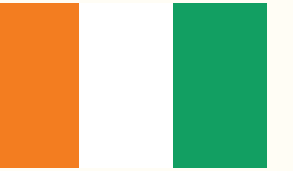
NCRC is in the process of supporting the HIA leaders in developing a 20-year vision and management plan for the Kakum Landscape, which clearly demonstrates leadership and good governance and makes this project a true “best practice” and inspiration for other landscape projects to be launched under CFI.



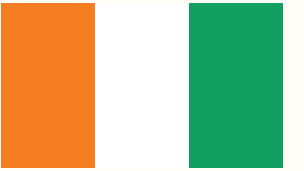
Summary of achievements in Côte d'Ivoire

Commitment	Actions	Indicator	Target (2022-2025)	Target (2022-2023)	# Through direct investment (2022-2023)	# Through direct investment (Since 2018)
Forest Protection and Restoration						
1. No further conversion of any forest land (as defined under national regulations, and using HCS and HCV methodologies) for cocoa production.	1.1 Conduct farm mapping within direct supply chain to identify and collect cocoa farm boundaries to ensure cocoa is not being sourced from forest lands, National Parks and Reserves, and Classified Forests	# of farms mapped in direct supply chain: Total Active	75.000 (annually)	75,000	104,567	
	1.2 Conduct deforestation risk assessments in all direct sourcing areas	# of hectares in the direct supply chain with deforestation risk assessments completed	225.000 (annually)	225,000	278,249	
2. No sourcing of cocoa from National Parks and Reserves through companies' traceable direct sourcing programmes.	2.1 Implement traceability tools/technology to ensure no cocoa purchases originate from National Parks or Reserves (all forest areas)	% of directly sourced cocoa traceable from the farm to the first purchase point (target is 100%)	>90% (annually)		97%	
3. A differentiated approach based on the level of degradation of forests for classified Forests will be developed and translated into a national forest restoration strategy	3.1 Support the restoration of Classified Forests by working with cocoa farmers, the government and the forestry industry to implement contracts for mixed agroforestry as a restoration and livelihoods intervention	# hectares restored in Forest Reserve / Forêts Classée	No Target		65	479
4. Legal protection and management status for the remaining forests of Côte d'Ivoire in the Rural Domain.	4.1 Support farmers with tree registration	# trees registered	No Target		0	800
	4.2 Support cocoa farmers to acquire land (tenure) documentation	# of farmers with land tenure agreements/documentation obtained via company support	No Target		0	59
5. Public enforcement of the new Forest Code and its subsequent guidelines, and public sector governance will be strengthened.	5.1 Promote and participate in awareness-raising campaigns to educate farmers on the new Forest Code	# farmers informed, trained, and / or consulted on the new Forest Code, law enforcement, forest protection, and restoration	No Target		47,067	

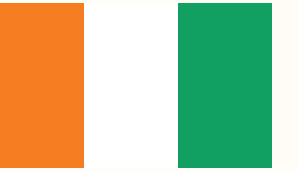
Ferrero only set targets on key priority areas but committed to report progress on all activities performed through the Ferrero Cocoa Program



Commitment	Actions	Indicator	Target (2022-2025)	Target (2022-2023)	# Through direct investment (2022-2023)	# Through direct investment (Since 2018)
Forest Protection and Restoration						
6. Public-private collaboration to mobilize resources for forest protection and restoration	6.1 Mobilize finance for forest protection and restoration		No Target		2,033	
7. Public-private collaboration to identify good practices, technical guidance and incentive mechanisms for forest restoration and agro-forestry	7.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# farmers applying agroforestry: Total Active	No Target		60,530	
		# farmers provided with technical assistance to adopt and expand agroforestry	No Target		49,560	
		# multi-purpose trees distributed for on-farm planting	2,225,000	750,000	868,011	3,993,358
		# hectares cocoa agroforestry: Total Active	140,000		122,731	
	7.2 Support distribution and planting of native trees for off-farm restoration (reforestation)	# of trees distributed for off-farm planting	No Target		87,985	
		# hectares of forest area restored off-reserve / in rural zone	No Target		40	2,999
	7.3 Train farmers in CSC production including cocoa agroforestry systems		# farmers provided with technical assistance to be more resilient to climate change and reduce and remove carbon emissions on farm (e.g., CSC)	45,000 (annually)	45,000	49,560



Commitment	Actions	Indicator	Target (2022-2025)	Target (2022-2023)	# Through direct investment (2022-2023)	# Through direct investment (Since 2018)
Sustainable Production and Farmers' Livelihoods						
1. Promote investment in long-term productivity of cocoa in environmentally suitable areas in order to grow "more cocoa on less land"	1.1 Train farmers in Good Agricultural Practices (GAPs)	# farmers provided with technical assistance (based on plans) to professionalize & optimize cocoa farming practices	75,000 (annually)	75,000	70,736	
2. Promote sustainable livelihoods and income diversification for cocoa farmers	2.1 Promote farm-level crop diversification and off-farm income opportunities		42,500		34,596	
		# individuals provided with technical assistance (based on plans) to increase income from non-cocoa sources / IGA's	No Target		36,527	
3. Promote financial inclusion and innovation to deepen farmers' access to working capital and investment	3.1 Offer financial products to farmers and promote farmer savings	# Individuals provided with technical assistance to save money and access finance	No Target		19,273	
		# of members of VSLA groups in the current year: Total Active	32,500		31,259	
		# of VSLA groups in the current year: Total Active	1,300		1,131	



Commitment	Actions	Indicator	Target (2022-2025)	Target (2022-2023)	# Through direct investment (2022-2023)	# Through direct investment (Since 2018)
Community Engagement and Social Inclusion						
1. Promote community-based management models for forest protection and restoration	1.1 Establish and/or support community-based natural resource management programs for forest restoration/protection	# of cocoa communities with active forest restoration and protection program (CBNRM): Total Active	No Target		53	
		# hectares under CBNRM	No Target		363	
2. Development of action plans for forest protection and restoration, and sustainable agricultural intensification that are gender and youth sensitive.	2.1 Develop forest protection & restoration and agriculture intensification action plans that are gender and youth sensitive	# of individuals participating in youth focused projects and activities (15-35 years old)	No Target		3,623	



Summary of achievements in Ghana

Commitment	Actions	Description	Target (2022-2025)	Target (2022-2023)	# Through direct investment (2022-2023)	# Through direct investment (Since 2018)
Forest Protection and Restoration						
1. No further conversion of any forest land (as defined under national regulations, and using HCS and HCV methodologies) for cocoa production.	1.1 Conduct farm mapping within supply chain to ensure cocoa is not being sourced from forest land	# of farms mapped in direct supply chain: Total Active	55.000 (annually)	55,000	72,468	
	1.2 Conduct deforestation risk assessments in all sourcing areas.	# of hectares in the direct supply chain with deforestation risk assessments completed	135.000 (annually)	135,000	113,075	
2. No production and sourcing of cocoa from National Parks, Wildlife Sanctuaries, and Wildlife Resource Reserves, except from farms with existing legal status	2.1 Implement traceability tools/technology to ensure no cocoa purchases originate from National Parks, Wildlife Sanctuaries, and Wildlife Resource Reserves (all forest areas)	% of directly sourced cocoa traceable from the farm to the first purchase point (target is 100%)	>90% (annually)	>90%	93%	
3. A differentiated approach for Forest Reserves will be adopted, based on level of degradation; with elimination of sourcing of cocoa in less degraded reserves (Cat.1) as of 31 December 2019; and production and sourcing for a period up to 25 years through MTS in more degraded reserves (Cat. 2).	3.1 Support farmers in Category 2 Forest Reserve areas in their restoration and reforestation programs	# hectares restored in Forest Reserve			10	50
4. Land and tree tenure reforms, and benefit sharing arrangement to incentivize land owners and users to retain naturally regenerated trees will be accelerated, including approval of CREMA mechanism	4.1 Support farmers with tree registration	# trees registered			116	38,141
	4.2 Support cocoa farmers to acquire land (tenure) documentation	# of farmers with land tenure agreements/documentation obtained via company support			116	636



Commitment	Actions	Description	Target (2022-2025)	Target (2022-2023)	# Through direct investment (2022-2023)	# Through direct investment (Since 2018)	
Forest Protection and Restoration							
5. Public sector forest law enforcement and governance will be strengthened	5.1 Promote awareness-raising campaigns to educate farmers on forest law enforcement and tree tenure provisions	# farmers informed, trained, and / or consulted on the new Forest Code, forest policy, law enforcement, forest protection, and restoration			22,484		
6. Public-private collaboration to mobilize new sources of funding for forest protection and restoration, and to incentivize farmers adoption of environmentally sustainable cocoa production will be developed	6.1 Mobilize finance for forest protection and restoration				7,551		
7. Public-private collaboration will be enhanced to identify good practices and technical guidance for forest conservation and restoration, shade grown cocoa, and MTS in Forest Reserves.	7.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# farmers applying agroforestry: Total Active			25,088		
		# farmers provided with technical assistance to adopt and expand agroforestry			25,543		
		# multi-purpose trees distributed for on-farm planting	750,000	250,000	435,371	2,014,388	
		# hectares cocoa agroforestry: Total Active	60,000		43,493		
	7.2 Support distribution and planting of native trees for off-farm restoration (reforestation)		# of trees distributed for off-farm planting			14,906	193,534
			# hectares of forest area restored off-reserve / in rural zone			0	1,577
		# farmers provided with technical assistance to be more resilient to climate change and reduce and remove carbon emissions on farm (e.g., CSC)	30,000 (annually)	30,000	25,543		



Commitment	Actions	Description	Target (2022-2025)	Target (2022-2023)	# Through direct investment (2022-2023)	# Through direct investment (Since 2018)
Sustainable Production and Farmer Livelihoods						
1. Promote investment in long-term productivity of high quality cocoa in environmentally sustainable manner and grow “more cocoa on less land.”	1.1 Distribute improved cocoa planting material	# improved cocoa seedlings distributed to farmers	2,225,000	750,000	1,035,221	7,370,979
	1.2 Train farmers and producer organizations in the latest Good Agricultural Practices (GAPs)	# farmers provided with technical assistance (based on plans) to professionalize & optimize cocoa farming practices	50,000 (annually)	50,000	42,844	
2. Promote sustainable livelihoods and income diversification for cocoa farmers	2.1 Promote farm-level crop diversification and off-farm income opportunities	# individuals participating in additional Income Generating Activities (IGA's)	7,500		5,457	
		# individuals provided with technical assistance (based on plans) to increase income from non-cocoa sources / IGA's			3,494	
3. Promote financial inclusion and innovation to deepen farmers' access to working capital and investment funds required for production and cocoa farm rehabilitation and renovation	3.1 Promote expansion of farmer savings	# individuals provided with technical assistance to save money and access finance			5,841	
		# of members of VSLA groups in the current year: Total Active	17,500		14,254	
		# of VSLA groups in the current year: Total Active	700		569	



Commitment	Actions	Description	Target (2022-2025)	Target (2022-2023)	# Through direct investment (2022-2023)	# Through direct investment (Since 2018)
Community Engagement and Social Inclusion						
1. Promote community-based management models for forest protection and restoration	1.1 Establish and/or support community-based natural resource management (CBNRM) programs for forest restoration/protection	# of cocoa communities with active forest restoration and protection program (CBNRM): Total Active			128	
		# hectares under CBNRM			68,036	
2. Development of action plans for forest protection and restoration, and sustainable agricultural intensification that are gender and youth sensitive.	2.1 Develop forest protection & restoration and agriculture intensification action plans that are gender and youth sensitive	# of individuals participating in youth focused projects and activities (15-35 years old)			873	

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