

A tropical landscape with a rainbow in the sky, palm trees, and a person walking on a path. The scene is lush and green, with a dirt path leading through the vegetation. A person is visible in the lower left, walking away from the camera. The sky is bright with a clear rainbow arching across it. The overall atmosphere is serene and natural.

FERRERO

**ANNUAL COCOA CHARTER
PROGRESS REPORT 2022/23**



KEY FIGURES ON FERRERO'S PROGRESS IN 2022/23

	PILLAR I: SUSTAINABLE LIVELIHOODS	PILLAR II: HUMAN RIGHTS & SOCIAL PRACTICES	PILLAR III: ENVIRONMENTAL PROTECTION	PILLAR IV: SUPPLIER TRANSPARENCY
MITIGATION PROGRAMS	50,000 farmers received targeted support to improve farming practices and diversify income	100% farmer groups covered by Child Labour Monitoring and Remediation System (CLMRS) – or equivalent	>1.4 million trees distributed for on- and off-farm planting	93% cocoa traceable to farm level via Polygon mapping
	40,000 people participating in Income Generating Activities	25 schools built or renovated (133 in total by 2022/23)	168,000 ha of agroforestry developed (40% of total ha)	
	1.2 million cocoa seedlings distributed	1,721 VSLA groups active	68,000 ha under Community-Based Natural Resource Management	
STANDARDS AND CERTIFICATION	100% cocoa sourced through certification and independently managed sustainability standards			460,000 ha assessed for deforestation risk
SUPPLIER RISK MANAGEMENT DUE DILIGENCE	100% cocoa suppliers acknowledged our Supplier Code			97% deforestation-free cocoa supply chain
				211,000 farmers participated in Ferrero's programme
				224,000 metric tons of cocoa sourced



FERRERO – RESPONSIBLE SOURCING APPROACH

At Ferrero, we take a continuous improvement approach to responsible sourcing. Our approach is built around supplier management and robust due diligence, traceability and transparency, certification, and standards. We know more can be achieved together and long-term partnerships and collaborations are essential. We invest in our supply chains through targeted programmes to improve their environmental, social and governance (ESG) conditions and their overall standards. Through the activities of our sustainability programme, Ferrero Farming Values (FFV), we work to make a difference to the supply chains in which we operate.

We aim to be a driving force in the cocoa sector where production can create value for all: where the livelihoods of smallholders and farming communities are improved; children’s rights are respected; and the environment is actively protected and enhanced through sustainable agricultural practices.

FERRERO COCOA CHARTER

In line with our **Supplier Code**, the **Cocoa Charter** lays out our requirements and long-term commitments for sourcing cocoa responsibly.

2022/23 ACTION PLAN FOR COCOA

The **Cocoa Action Plan** outlines our key actions to meet the commitments in our Charter.

RESPONSIBLE SOURCING APPROACH	CHARTER REQUIREMENTS AND COMMITMENTS	KEY ACTIONS*
Programme(s)	PILLAR I: Sustainable Livelihoods	Number of farmers supported with Farm Development Plan Number of people participating in Income Generating Activities (IGAs) ⁴
	PILLAR II: Human Rights and Social Practices	Percentage of farmers’ groups with Child Protection Systems such as CLMRS ⁵ Number of children reached via holistic Community Development programmes ⁶ Number of VSLA groups established ⁷
	PILLAR III: Environmental Protection	Hectares of cocoa farms with agroforestry in development
Standards and Certifications	PILLAR I: Sustainable Livelihoods	Percentage of cocoa sourced responsibly ⁸ Percentage of cocoa sourced with Living Income Differential (LID) ⁹
Supply Chain Visibility	PILLAR IV: Supplier Transparency	Percentage of cocoa sourced traceable to farm level
Supplier Risk Management Due Diligence	Basic Requirements - Due Diligence	Percentage of Supplier Code acknowledged

* For key figures on our progress please see previous page.

- 4. Income Generating Activities
- 5. Child Labour Monitoring and Remediation System
- 6. Implementing partners: Save the Children and suppliers
- 7. Village Savings and Loans Associations
- 8. Sourcing is done through certification and independently managed sustainability standards
- 9. Applies to Côte d'Ivoire and Ghana only

2022/23 COCOA PROGRESS REPORT

In this report, we outline our progress against the **Cocoa Action Plan** in the 2022/23 season, illustrating it with case studies and examples from our suppliers and partners.



PILLAR I: SUSTAINABLE LIVELIHOODS

Foster a more equitable value chain for the people involved in cocoa production

Commitment: Support cocoa farmers to prosper

Cocoa farmers face significant challenges in achieving a sustainable livelihood. Many factors lead to low yields and incomes: lack of farm design and management, small plots, ageing trees, diseases and pests, limited access to affordable and appropriate agricultural tools and materials, lack of financial access and literacy, and limited access to agricultural education, infrastructure and technologies.

How is Ferrero working on this commitment?

Through our sustainability programme, we provide targeted support to cocoa



Image: farmers

farmers to improve their farming practices so they can earn more from cocoa. As cocoa doesn't provide a year-round income, we also help farmers diversify their income and increase food security.

The objective is to make cocoa farming more profitable for farmers and improve their resilience to climatic, natural resource and market shocks.

What steps have been taken in 2022/23 growing season?

We provide individual and tailored coaching and support to a large segment of our farmers to help them professionalise and diversify their operations. In 2022/23, around 71,000 farmers have received one-to-one coaching on farm and business planning, and 50,000 farmers (+25% vs last year) are supported with individual long-term Farm Development Plans. In addition, 140,000 farmers participated in group training on good agricultural practices. We also supported 41,000 people (+37% vs last year) in diversifying their on-farm and off-farm incomes through additional income-generating activities such as soap-making, chicken farms, beekeeping, grass-cutting and small shops.

By distributing high-yielding and resilient cocoa seedlings, farmers can rejuvenate and rehabilitate ageing cocoa fields. We distributed 1.2 million cocoa seedlings in 2022/23 alone¹⁰, making a total of 9.6 million since 2014/15. In addition, on top of the commercial and farm-gate prices set by some governments, we pay cash premiums to farmer groups, doing so for 185,000 farmers in 2022/23. Of these, we paid 27% digitally (+10% vs last year) to increase financial transparency and help farmers become bankable. We are aiming to increase this percentage every year. Finally, we involved and supported 4,600 young adults in community-service groups or 'pruning groups' to provide farming services to farmers.

¹⁰ Cocoa seedlings were not distributed in Côte d'Ivoire due to the ban imposed by the government in 2018



CASE STUDY

FARM MANAGEMENT: ENSURING A RESPONSIBLE APPROACH TO THE USE OF PESTICIDES

Farmers around the world use pesticides to improve the productivity of their farm and increase the yield output. Cocoa farmers are no exception to that. But, if not used correctly, the use of pesticides can have unintended consequences.



As stated clearly in our **Supplier Code**, we require our suppliers to perform and promote, across their supply chain and towards farmers, a reduced use of chemicals and fertilisers.



This transition can take time though, particularly for smallholder cocoa farmers. We need to find the right balance between ensuring the short-term economic well-being of cocoa farmers and their communities and improving the long-term sustainability of crops and ecosystems. This principle is reflected in our approach.

To start with, it's mandatory for suppliers not to use any hazardous chemicals. This is also a key requirement of the **Rainforest Alliance Standard** that bans all so-called Highly Hazardous Pesticides (HHP) as defined by the FAO and WHO¹¹ and will ban more over time.

For pesticides that are allowed, there are various interventions in place to ensure that our farmers use them correctly. Our partner ETG/Beyond Beans for example has the following Standard Operating Procedure aligned with our Supplier Code:

- Phytosanitary treatment brigades are set up in each cooperative. Each year, these brigades receive training in the application of treatments and in reading and understanding the active ingredients that make up phytosanitary products. They are suitably equipped (protective clothing + sprayer) and undergo an annual medical check-up.



Image: pesticides spraying

¹¹ Chemicals considered harmful are those on the WHO class 1a and b, Stockholm POP and Rotterdam PIC lists



- Every year, the register of applicators is analysed to ensure that unregistered pesticides are not being used, and above all to prevent products that are soon to be withdrawn from the market.
- The list of phytosanitary products not registered at national and international level is distributed to the brigades, posted in the communities, and awareness is raised among farmers during training sessions on good agricultural and environmental practices.
- Farmers receive training on Good Agriculture Practices (GAP) and Good Hygiene Practices during the Farmer Field Schools.

One persistent challenge is the management of empty pesticide packaging. Agro-industrial firms should normally collect empty packaging, but this is no longer done or is done very little. Actions are being taken to resolve this issue.

The ultimate goal is to reduce the use of pesticides to the bare minimum or even to zero. To achieve this, farmers are actively trained in, for example, composting and the re-use of organic matter such as empty cocoa husks to become natural fertilisers. Ferrero is also supporting other innovative initiatives:

- In the CIRRRICLES project in Côte d'Ivoire, funded by the Dutch government and implemented by our partner ETG/Beyond Beans, local waste (cocoa pod husks, cashew shells, sawdust, chicken manure and organic waste from local restaurants) is transformed into compost. Ten Ferrero farmers have received free compost and have been testing compost application with 1kg per tree. The participating farmers report greener leaves, more robust trees, and an increased pod count. Healthier trees are also more naturally resilient to pests

and require less pesticides, reducing costs for the farmer. GAP trainings and adoption contribute to the reduction of weeds and undesirable branches that harbor pests.

- Various suppliers have also started promising biochar projects. Biochar is a substance similar to charcoal that can be used as an organic fertiliser, created from agricultural waste such as a cocoa husk. ETG/Beyond Beans is among the suppliers using **biochar**. They are testing the produced biochar mixed with compost as an input for multipurpose tree seedlings at the nursery stage and on mature cocoa trees in farmers' plots. They will measure shade tree seedling robustness, cocoa tree yield, and soil carbon sequestration.



Image: compost



CASE STUDY

LAND TENURE: SECURING LAND RIGHTS TO CREATE INCENTIVES FOR SMALLHOLDER COCOA FARMERS TO INVEST IN THEIR FARMS

In Ghana and Côte d'Ivoire, there is widespread uncertainty surrounding land tenure and tree ownership in cocoa farms. Roughly 80% of Ghana's land is governed through customary tenure arrangements, with power vested in chiefs or other customary authorities. Many cocoa farmers have no legal or even written proof that the land on which they grow their cocoa is theirs. It's very common that there's only a verbal agreement in place, and this could be subject to change without notice. Research has shown a strong correlation between insecure land tenure and lower farm productivity, especially regarding investments in farms and the implementation of agroforestry systems. Cocoa farmers with insecure land rights are less likely to invest in long-term interventions on their farms over fears of losing the benefits of the investment. In order to remove these barriers, Ferrero is providing support to farmers in both countries to obtain official land tenure documentation. This documentation formalises farmers' rights to their land and turns them into recognisable rights within their given customary and statutory context. Farmers with land tenure documents can prove land rights towards authorities, neighbours and family members.

Support is also provided to obtain tree registration documents. This is important as it provides legal protection for farmers when a non-cocoa tree on their land has been cut down by a timber company without their consent which happens quite often. With the tree documentation the farmer can request financial compensation.

Land tenure and tree documentation are part of the holistic and innovative ASASE project¹² in Ghana with our partner ETG/Beyond Beans. These activities are managed by the implementing partner Meridia. It's fair to say that obtaining this kind of documentation for farmers, particularly the land tenure documentation, is challenging. Meridia has faced significant delays during the first two years of the ASASE project on document deliveries due to hesitance on the part of some traditional authorities to sign off and endorse land right documents. We are pleased that in 22/23 we were able to provide land tenure documents to 116 farmers - a milestone that was appreciated by those farmers.



Image: registration timber trees

¹² For more details on the ASASE project see the CFI progress report 21/22, p.14-15



One of these farmers is the 70-year old Ernest Tawiah. He owns seven acres of cocoa farms over three different plots passed down to him by his late father. Since acquiring the land, he has experienced conflict with the farmers who share boundaries with him and even with members of his own family.



It's been very disheartening; I couldn't use my parcel of land located near the river for any agricultural or economic activity nor expand my farm due to uncertainties about the land ownership.



According to Tawiah, farmers like him had no idea how to acquire land documentation and were not even aware of the actual size of their land. When the ETG/Beyond Beans and Meridia field teams visited his community in July

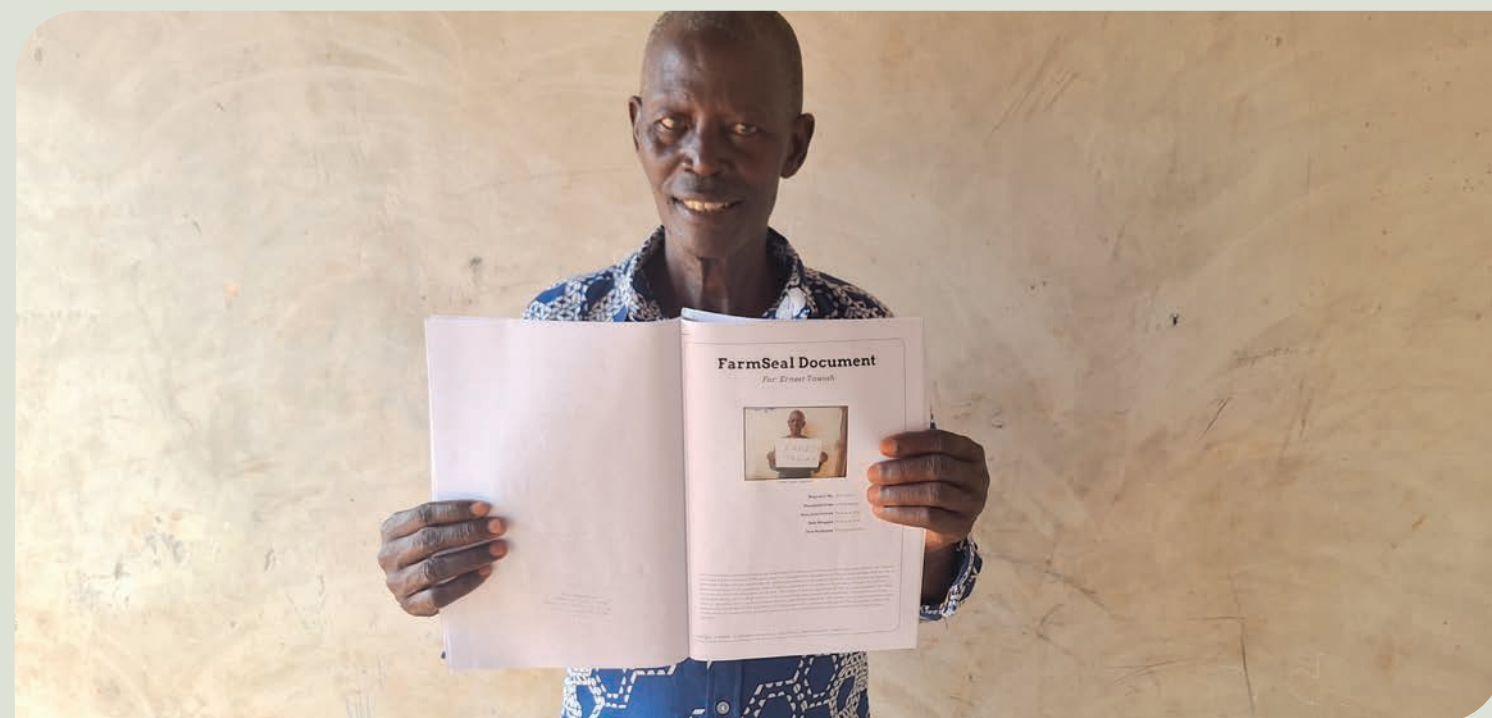


Image: land tenure document, Ernest Tawiah

2022 and explained the land and tree documentation process under the ASASE project, he was excited and decided to enrol. Meridia mapped all the farms in the area and began the process of tree counting and taking GPS coordinates, and in June 2023, Tawiah received his FarmSeal documentation.



The land and tree ownership documents have brought me relief as they confirm my ownership of the land and the trees on it and provide a permanent solution to land disputes. All the boundary conflicts with my neighbours have been resolved and my ownership has been endorsed by the community chief and the chief of the Kokofu Traditional area.



It is interesting to note that ETG/Beyond Beans has started a research project with Oxford University to study the impact of land tenure and tree registration on the uptake of agroforestry. Data collection will be undertaken in 2024, with preliminary results expected in 2025.

In Côte d'Ivoire, Ferrero has joined the Côte d'Ivoire Land Partnership (CLAP) project. This public-private partnership, led by Meridia since 2019, aims to test and scale a successful model for securing land rights for cocoa farmers. A crucial step in the process is to sensitize the community on the importance and benefits of secure land rights and legal land documentation. Without that dialogue and understanding it's very difficult to unlock the existing barriers.

The CLAP objective is to deliver 9,000 land certificates and progress is being made with trainings and the development of innovative digital tools.



PILLAR II: HUMAN RIGHTS AND SOCIAL PRACTICES

Contribute to the holistic wellbeing and development of children in cocoa-growing communities by addressing and reducing the risk factors for child labour in cocoa farming

Commitment: Protect children and provide joyful growth

We are strongly committed to promoting human rights throughout the global supply chain and supporting families to enable joyful growth for children. It is critically important that children are not involved in any form of child labour, particularly its worst forms, as this can seriously damage their physical and



Image: cocoa farmer and child

mental wellbeing. Children also need to have access to quality education, good nutrition and basic necessities like clean drinking water.

Although it is much less prevalent, we also recognise the issue of adult forced labour in the cocoa sector, and we commit to taking action together with our key stakeholders to mitigate and prevent it.

How is Ferrero working towards this commitment?

The first critical step is to have reliable Child Protection Systems in place that can 1) identify households at risk of child labour in our cocoa supply chain; and 2) remediate any cases that are identified. The objective is to integrate the systems we implement in our cocoa supply chain into the broader national systems.

In addition, together with our strategic partner **Save the Children** and our suppliers, we are implementing a holistic Community Development approach that has a strong focus on child labour prevention in high-risk communities in our cocoa supply chain.

In our Cocoa Programme we also have a strong focus on women’s empowerment, acknowledging the critical role of women as agents for economic, environmental and social change, and for ensuring child protection.

We strive to contribute to positive change across the entire cocoa value chain, so also beyond our own supply chain. We do this through multi-stakeholder platforms such as the **World Cocoa Foundation**, the **International Cocoa Initiative** and collective initiatives like the **Child Learning Education Facility (CLEF)**.



What steps have been taken in the 2022/23 growing season?

Last season, 100% of our dedicated farmer groups were covered with a CLMRS or equivalent system. In addition, we informed 174,000 people about children’s rights, and 111,000 people about adult forced labour; we monitored 136,000 households and 211,000 children through our child protection systems, and helped children obtain over 2,000 official birth certificates bringing the total since 18/19 to almost 12,000.

To improve education prospects, we constructed or renovated 25 schools and 68 school canteens in 2022/23, bringing the total respectively to 133 and 105 (more than double vs last year) since 2016/17, and gave 17,000 children school kits. We supported 303 youth with vocational training or apprenticeships in 2022/23, bringing the total to 853 since 2018/19.

We are also a partner of the **Child Learning and Education Facility (CLEF)**, a collective initiative between the Ivorian government, companies and foundations that aims to promote access to quality education to over 4 million children in cocoa-growing communities in Côte d’Ivoire.

Of critical importance has also been the further scaling of Village Savings and Loans Associations (VSLA), bringing the total active VSLA groups by 2022/23 to 1,721 (+13% vs last year), involving 46,000 members, mainly women, that together saved almost 4 million euro in 2022/23, of which 2.8 million euro was loaned to set up small businesses, pay school fees, among other activities.

We also maintained the twelve vegetable greenhouses, and constructed or renovated 29 water pumps in, bringing the total to 182 since 2012/13.

Finally, we continued our five-year holistic Community Development project (2021-2025) with **Save the Children**, involving 65 communities in the Haut-Sassandra region in Côte d’Ivoire (see p.11 for results of the third year).



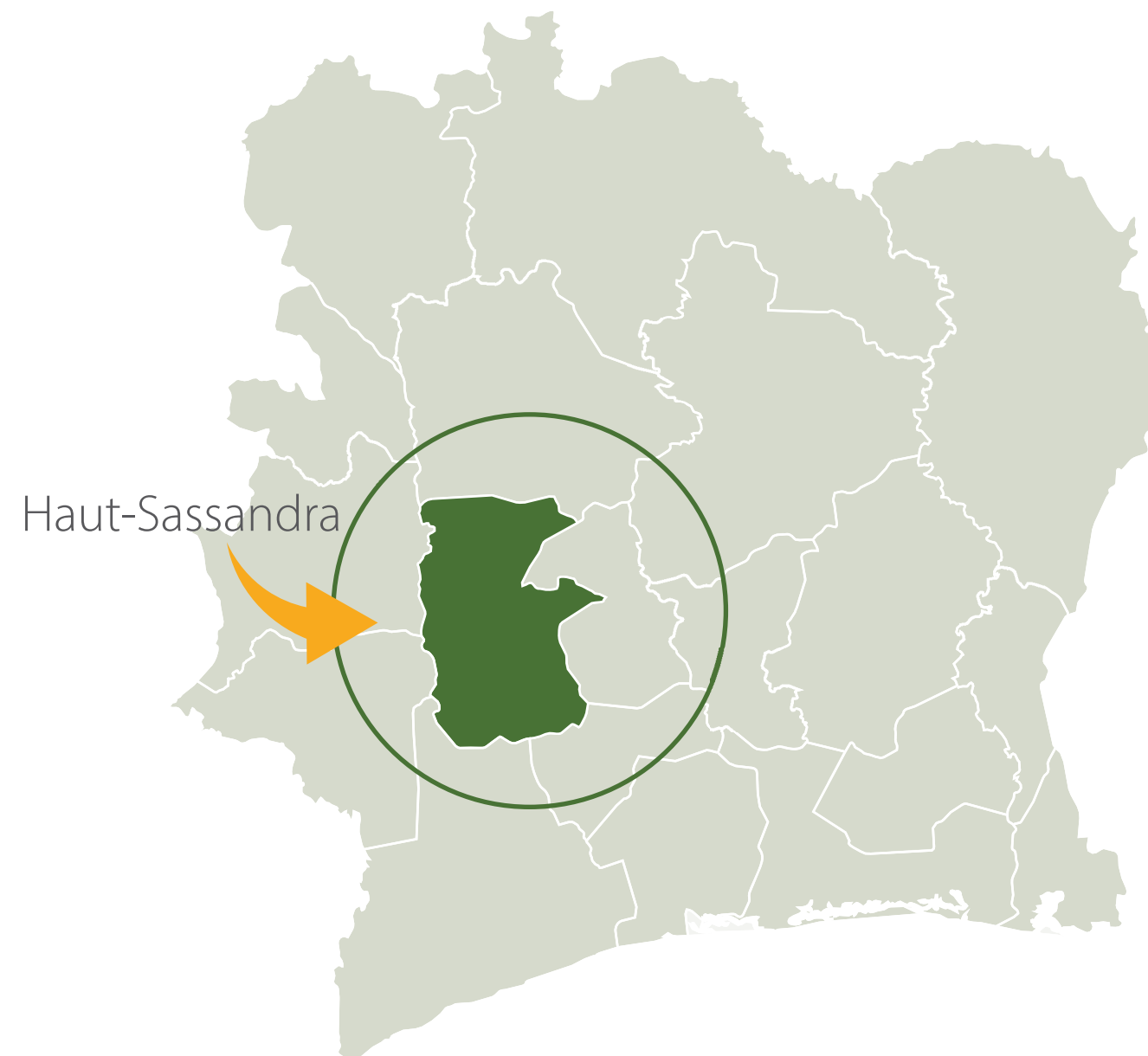
Image: VSLA



STRATEGIC PARTNERSHIP FERRERO AND SAVE THE CHILDREN

The holistic five-year Community Development project targets 37,000 direct beneficiaries (15,000 children) and 90,000 indirect beneficiaries (49,000 children) in 65 communities in the Haut-Sassandra region in Côte d'Ivoire. It started in 2021 and builds on the successful three-year project with **Save the Children** in 20 communities in the Nawa region.

The approach is based on four pillars: Child Protection, Community Development, Access to Education and Youth & Adolescents Empowerment. To ensure coordinated action and drive impact on the ground, Save the Children works closely with the local and national authorities as well as with other key stakeholders like the International Cocoa Initiative (ICI), the Jacobs Foundation and the World Cocoa Foundation.



Map of Côte d'Ivoire



Save the Children



THIRD YEAR RESULTS PROJECT IN HAUT-SASSANDRA REGION

In 2023, we continued implementing activities in all 65 communities.

Progress has been made along the pillars reaching **18,342** direct beneficiaries including **6,403** children by the end of the third year. Some key highlights:



Image: Save the Children project

PILLAR	ACTIVITIES	YEAR 3	CUMULATIVE
Improving child protection	Social Centers ¹³ revitalized	Target already completed	8
	Child Protection Committees	Target already completed	65
	People trained and sensitized on children's rights	36,285	46,582
Community Strengthening	Community Action Plans (CAP)	19	65
	VSLA groups established	Target already completed	65
	VSLA members		1,712 (77% women, 23% men)
	VSLA members with an IGA	1,182 (75%)	1,182 (75%)
	People trained on contamination and water management	314	403
Increasing access to Education	Bridge classes (re) built and opened	5	66
	Number of bridging courses activated/completed	49	140
	Out-of-school children (9-14 y.o.) enrolled in bridging classes	1,001	2,976
	Teachers trained on Literacy and Numeracy Boost methodologies	0	0
	Communities supported with operating community canteens	57 community canteens opened (and 112 canteen staff trained)	57
Empowering Adolescents and Youth	Number of A&Y participating in training on life-skills, decent work, children and A&Y rights	138	138

¹³ Social Centres are managed by the local authorities and responsible for managing child labor cases. When Save the Children identifies cases of child labor in the communities they refer them to the Social Center for case management.



CASE STUDY

FOSTER FAMILIES: KEY ROLE IN THE LOCAL PROTECTION SYSTEM FOR CHILDREN

In the holistic Community Development project with Save the Children in Côte d'Ivoire, the focus is broader than tackling child labor in cocoa farming alone. The objective of the Child Protection Committees, established in the 65 communities in Haut-Sassandra region, is to protect children's rights in general within the community. The committees are involved in preventing, identifying and assisting children who are victims of abuse, violence and exploitation.

When a Child Protection Committee identifies a child protection case, they will involve the Social Centre, managed by the local authorities, that is responsible for the case management. The remediation process for more severe cases can take longer, and in some cases the child at stake will be taken out of home and placed with a foster family. These foster families play a key role in the local protection system during the management of a child protection case and even after.

When the project started in 2021, there was a national operational mechanism available relating to the establishment of foster families. It had been developed by the then Ministry of Women, Child Protection and Solidarity (now the Ministry of Women, Family and Child Protection) with support from UNICEF and was aligned with the UN Guidelines for Alternative Child Care. No family-based care options were available in the Haut-Sassandra region at that time based on discussions between Save the Children and the local authorities. This posed a major challenge for the effective response to protection cases, in particular for separated and exploited children.

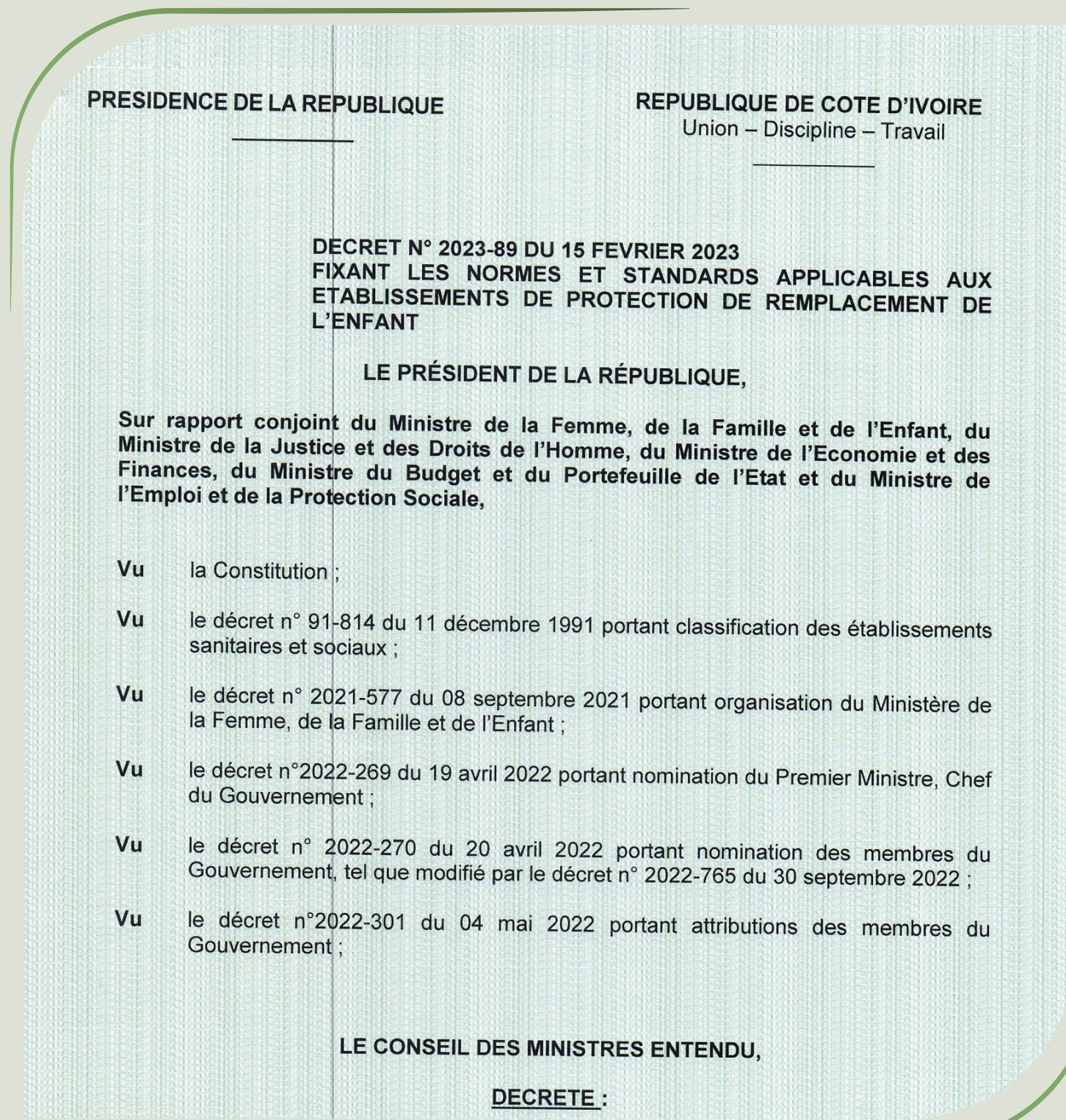


Image: national decree on foster families



In 2021, Save the Children started pioneering this important mechanism by providing technical and financial support at a local level to the Regional Directorates for Women, Family, Children and Social Protection. This includes identifying, training and monitoring foster families in the Haut-Sassandra region.

Parallel to this, Save the Children supported the organization of a national workshop to launch the revision process of the guidelines of the national operational mechanism for foster families. This revision was led by the National Directorate of Child Protection and involved various governmental bodies, guardianship judges and local and international NGOs including Save the Children. It resulted in the adoption of the National Decree on foster families by the Ministry of Women, Family and Child Protection in February 2023.

These achievements at both local and national level are major milestones in the protection of children in Côte d'Ivoire and a direct result of the Ferrero-Save the Children project.

To date, with the support from Save the Children, 50 foster families have been set up in the Haut-Sassandra region and validated by the National Child Protection Directorate. They have already been involved in the management of several child protection cases such as that of the fifteen-year-old Kone (see text box). Thanks to the national decree, the foster families receive structural support through the national system instead of short-term programmatic interventions as was often the case with NGOs. The decree also provides for an allowance to be paid by the government to foster families, support for food and non-food for the duration of the placement and technical support from social workers to ensure that the living conditions and family environment are always in line with the wellbeing of children and the decree's guidelines.

Kone Wassa (15) is from a small village in Haut-Sassandra region. She had passed her exams at the end of her primary school term allowing her to access secondary school. Despite this she was promised by her parents to a forced marriage in 2022. When the Child Protection Committee identified the case, they informed the Social Centre in the region's capital Daloa. The teenager was subsequently removed from the community by the Court of Daloa and placed temporarily with a foster family. Through the project, a so-called "placement kit" was provided, consisting of clothing, toiletries and several other inputs, agreed with the foster family and the Daloa Social Centre. As Kone's parents maintained their intention for a forced marriage, the guardianship judge opted to move Kone from the foster family to a shelter home in Daloa managed by the local authorities. The project team intervened with the Regional Education Department, which agreed to provide schooling for Kone.

Kone is now pursuing her secondary school education at a public school in Daloa. The Daloa Social Centre makes regular follow-up visits to the shelter home where the girl now lives to ensure her wellbeing. They have also initiated mediation with the teenager's biological family to ensure that all the guarantees applicable to the case are met before considering a possible reunification. The Guardianship Judge (Court of Daloa) is informed of the progress of this case and will issue an order in due course to release the child back to the parents.



CASE STUDY

A HEALTHY FARMER IS A HAPPY FARMER: PILOTING COMMUNITY-BASED HEALTHCARE OUTREACH IN RURAL GHANA

When cocoa farmers are asked what their needs are, they often respond the needs for agricultural inputs such as fertilisers and cocoa seedlings to improve the productivity of their cocoa farm so they can increase the yield and have more income. Responding to these needs, Ferrero provides agricultural inputs through the programme.

Cocoa farming in West Africa is labor-intensive, so for a farm to be productive the farmers themselves need to be productive. This is often not the case. Many cocoa farmers as well as their family members have health issues¹⁴, in many cases without being aware of it. Access to good health care in rural Africa is a big challenge as many communities are located far away from health clinics, and many people lack access to health care.

In 2023, a community-based healthcare outreach pilot was launched in the Sefwi-Anhwiaso-Bibiani district, located in Ghana’s Western North region. The pilot was set up in collaboration with the St. John of God Hospital in Asafo and with support from the NGO HospitaalBroeders. The health pilot was complementary to the holistic cocoa sustainability programme that Ferrero and its partner Cargill had launched in the district in the 2019/20 season to improve the livelihoods of farmer households, strengthen communities and protect the environment and is being implemented in collaboration with Cargill's partners CARE and PUR Projet.

The community development activities of CARE mainly focus on setting up Village Savings and Loans Associations (VSLA) and through these platforms train and support members to establish Income Generating Activities (IGA) and provide trainings in good nutrition. In addition to assessing the impact of providing access to healthcare to people in remote, rural communities, another key objective was to determine if a health outreach project could strengthen the existing activities of Cargill and CARE in the targeted communities.

During a period of nine months (January to September) a medical team from the hospital visited eight communities¹⁵, each four times in monthly cycles, bringing it to a total of 36 community visits. They worked closely with Ghana Health Services to ensure proper coordination with the local authorities and avoid duplication with activities performed through the national health system. The medical team consisted of 23 professionals that were divided in four specialized sub-teams, each covering one of the project pillars.



Image: immunisation

¹⁴ Often occurring health issues in rural communities are malaria, malnutrition, tuberculosis, typhoid fever, worm-infestation, hypertension, diabetes mellitus, teenage pregnancy, measles, mumps, sickling, HIV/AIDS, diarrhoea and various adolescent needs.

¹⁵ In total Ferrero has 47 communities with Cargill in the Sefwi-Anhwiaso-Bibiani district



Image: vital signs taken



Image: health education at school



Image: ophthalmologist doing consultation



Image: home visit



The results of the pilot project exceeded expectations. A total of 6,185 people were reached, more than double the original target. In all eight communities the health outreach teams were welcomed by the community members and a high attendance rate was observed with all healthcare activities. It was the first health screening in many years for many community members, many of whom learned that they had health problems that require proper treatment. The conclusion is clear: access to good primary health care is much needed in these remote rural communities.

Dr. Patrick Bung, Director of the St. John of God hospital in Asafo:

I was very pleased learning how valuable these visits to the communities were. People genuinely valued our presence so much. For many of them, this was the best opportunity for medical support in years. This positive feedback strengthened my teams. They experienced how much their help was valued by the communities.

Based on these positive results, the decision has been made to extend the health outreach pilot for another year in the same eight communities. In the second year, the objective is to establish smaller health clinics in some of the communities – in collaboration with the Ghana Health Services – so that community members have access to good healthcare when they need it. The establishment of these health clinics will be financed by the community members themselves, mainly with funds from the VSLA groups.

HEALTHCARE OUTREACH PROJECT PILLARS	EXECUTED ACTIVITIES	GOAL (# PEOPLE)	RESULT (# PEOPLE)
General health screening and treatment	Health talks, eye consultation, malaria, typhoid fever, HIV/AIDS, hypertension, diabetes, obesity, nutritional counselling, worms infestation, physical examination	800	1,488
Child welfare clinic	Registration of new babies, counseling, immunisation, physical examination, weighing, health education, family planning	N/A ¹⁶	780
Pregnancy school & Home visits	Pregnancy school: birth preparedness and complication readiness plan, importance of support person, dietary counselling	800 (pregnancy consultations)	932
	Home visits: care of the aged, health education, wound dressing, diabetes and hypertension management	160 (home visits)	492
School health & Adolescent corner	Hygiene education, menstrual hygiene, sex education, sexually transmitted infections education, oral care, adolescent needs	800 (500 primary and 300 secondary school)	2,493
TOTAL PEOPLE REACHED		2,560	6,185

¹⁶ This activity was not foreseen in the project originally, but at the request of the Ghana Health Services was added to the project.



PILLAR III: ENVIRONMENTAL PROTECTION

In partnership with our suppliers, we actively protect standing forests and/or restore natural forest areas, and support farmers to convert to agroforestry systems and become more climate resilient

Commitment: Contribute to end deforestation and promote biodiversity

The rate of deforestation and forest degradation, particularly in Côte d'Ivoire and Ghana, threatens to undermine the resilience of the cocoa sector and the surrounding environment, and accelerates the climate, biodiversity and natural resource crisis. This affects the livelihoods of the millions of smallholder farmers who depend on it.

How is Ferrero working towards this commitment?

Working with our suppliers, we're contributing to tackle deforestation and restore forest areas, and to support farmers in converting to agroforestry systems and becoming more climate-resilient. We do this through the **Cocoa & Forests Initiative (CFI)** that brings together companies and governments to act collectively and in a coordinated manner. To prevent deforestation, we aim for traceability back to farm level and use satellite monitoring to detect potential deforestation and ecosystem conversion in our supply chain.



Image:cocoa tree



Image: tree nursery



Image: cookstove

What steps have been taken in the 2022/23 season?

In 2022/23 Ferrero continued to achieve a high level of traceability from farm to first purchase point. We polygon mapped 200,000 farmers and covered 460,000 hectares with deforestation risk assessments to ensure no cocoa was sourced from protected forest areas. As a cross-cutting solution to many cocoa sustainability issues, agroforestry is one of our primary **Cocoa Charter** priorities, and links to other targets such as distribution of seedlings. To date, we have supported the development of over 168,000 hectares of agroforestry, involving a total of 86,000 farmers.

More than 9,500 farmers have been involved in Payment for Ecosystem Services (PES) initiatives. The PES initiative provides farmers with valuable resources and incentives such as financial payments, trainings, fertilisers and tools in return for their work on environmental protection and restoration.

We have also continued our support to forest restoration. In 2022/23, over 100,000 non-cocoa trees were distributed for off-farm planting, helping to restore close to 115 ha of forest area of which 75 ha in classified forests. When combined with multi-purpose trees for on-farm planting, in total Ferrero has distributed more than 1.4 million trees in 2022/23 alone and over 7 million trees including previous years.

To help mitigate deforestation and establish sustainable practices outside of cocoa farming, in 2022/23 Ferrero also distributed 3,100 clean cookstoves.



For more details and case studies we invite you to read our latest **Cocoa and Forest Initiative Report**



PILLAR IV: SUPPLIER TRANSPARENCY

Know where our raw materials come from and foster data management and reporting

Commitment: Ensure a transparent and compliant value chain, traceable to the farm level

Traceability has been the cornerstone of our responsible sourcing approach from the beginning. It has always been one of the key quality and sustainability pillars at Ferrero.

How is Ferrero working towards this commitment?

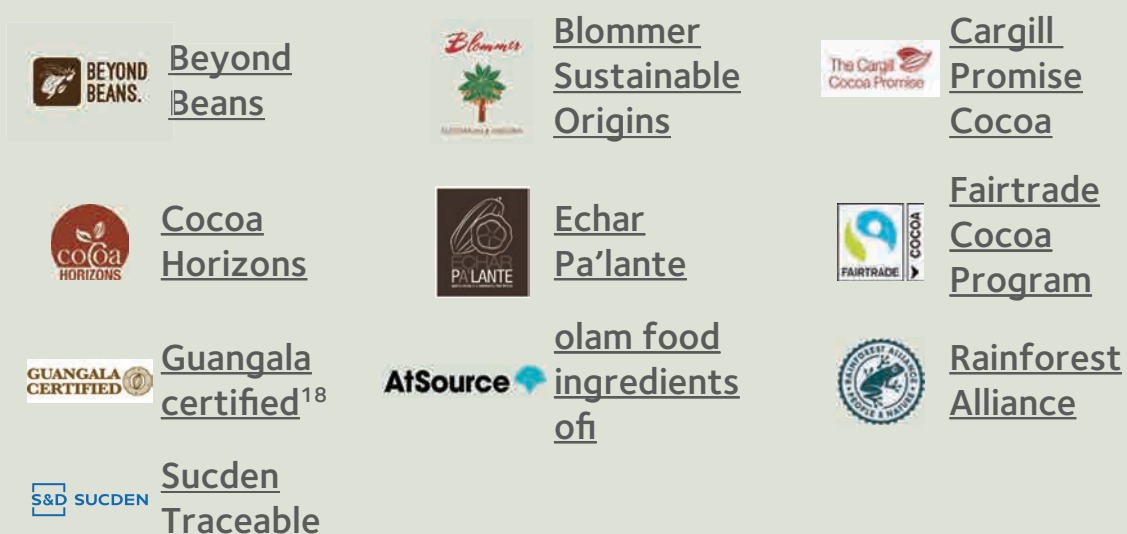
We work towards further enhancing the visibility of our value chain by strengthening partnerships with our suppliers and by leveraging the most advanced technology available. We are developing a cocoa-dedicated platform that gives us visibility over our entire supply chain. This will make it possible not only to trace the cocoa we source from the farm – an area where Ferrero has already made a lot of progress in the past years - but also to perform risk assessments and check compliance. Each year, we will continue to update **the public list of tier-1 suppliers and farmer groups in our cocoa supply chain** on our website¹⁷ and will publish a progress report on the implementation of our Cocoa Charter.

What steps have been taken in 2022/23?

The total cocoa volume we received in 2022/23 was 224,000 metric tons, of which 70% was cocoa beans sourced as physically traceable from farm to Ferrero plant and processed in-house. The remaining 30% were cocoa derivatives such as liquor, butter and powder, and chocolate products. All cocoa was sourced through independently managed sustainability standards such as Rainforest Alliance, Cocoa Horizons and Fairtrade¹⁸.

In 2022/23, we sourced 87% of our entire cocoa volume from Ferrero dedicated farmer groups¹⁹. Of these, 75% have been in our cocoa supply chain for three years or more, and 17% for six years or more. This is important as we invest in long-term supply chains especially because improving conditions takes time.

Standards used by Ferrero in 2022/23



¹⁷ https://www.ferrero.com/int/sites/ferrero_int/files/2023-12/cocoa-supply-chain_fy2022.pdf

¹⁸ See p.9 of the Cocoa Charter for the full list of Standards through which we source cocoa.

¹⁹ These are farmer groups with whom Ferrero has a long-term relationship through its tier-1 suppliers.



The traceability performance of our entire cocoa supply chain was as follows:

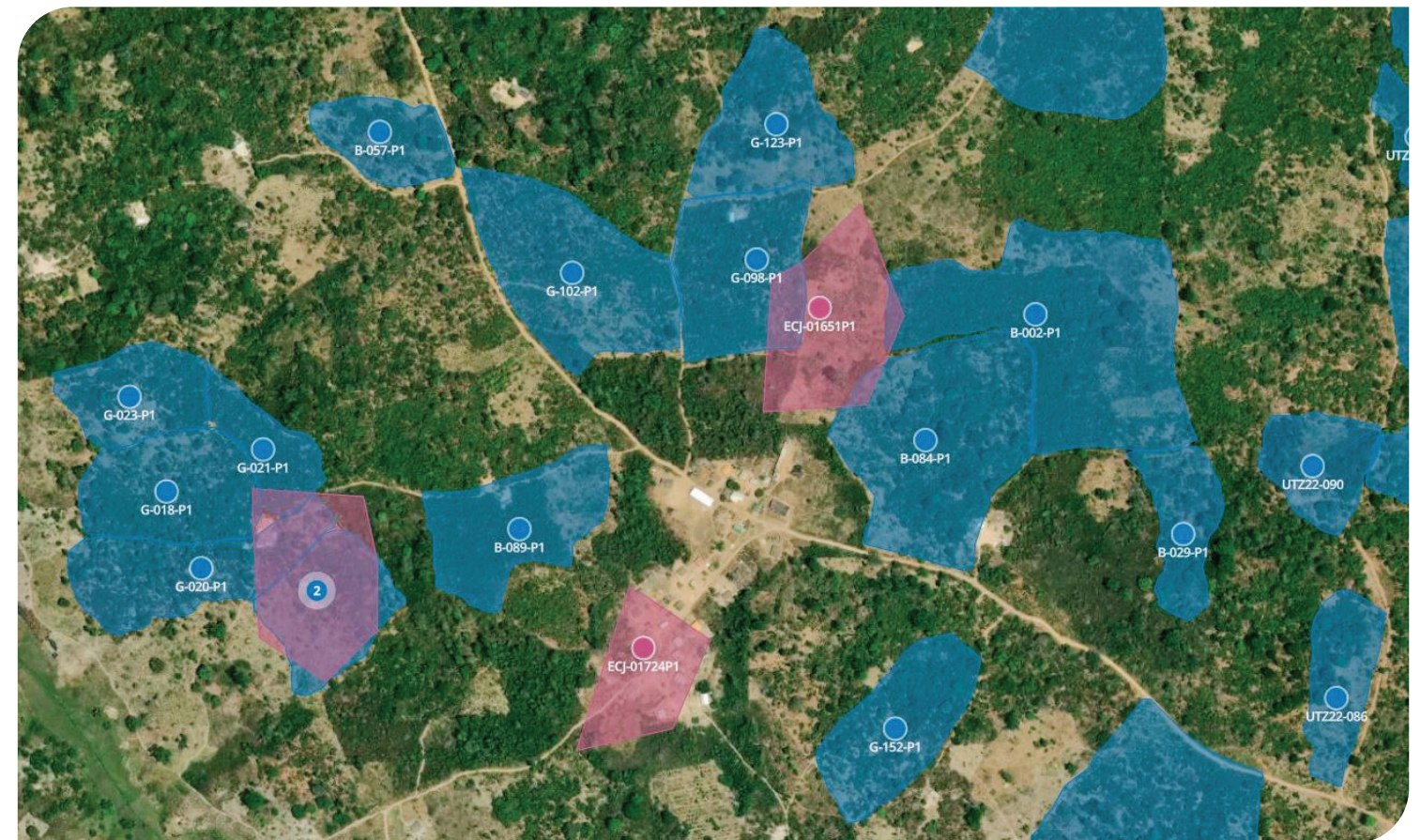
- 99% traceable to origin country
- 98% traceable to farmer group level²⁰
- 96% traceable to farm gate if minimum GPS waypoint available
- 93% traceable to farm gate if minimum requirement polygon-mapped²¹

Ferrero cocoa sourcing origins



Sourcemap

We continue to partner with **Sourcemap**, a leading provider of supply chain mapping, which provides a comprehensive platform to visualize supply chains and enhance traceability, further strengthening our efforts in supply chain transparency. Through Sourcemap’s platform we are collecting key data on social and environmental practices, validate our value chain through data science and ensure that performance is continuously improving.



²⁰ Including farmer groups that are not part of Ferrero’s dedicated farmer groups.

²¹ Farmer groups have on average a 10% annual turnover of farmers. Each year newly joined farmers must be mapped and we also re-map farmers, usually every 3 to 5 years, to ensure the data is still valid.

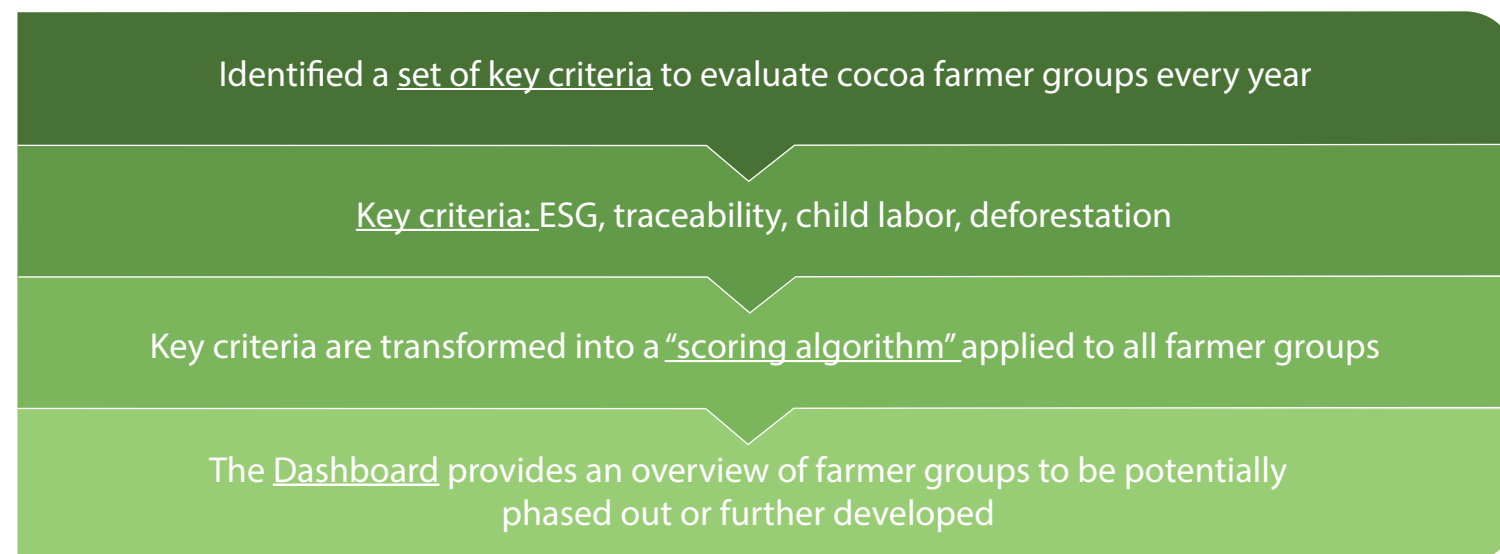


FARMER GROUP RISK ASSESSMENT

A critical element of our responsible sourcing approach is to perform regular risk assessments in order to identify potential risks in our supply chains and where necessary take appropriate action.

For cocoa a key focus is on the farmer groups we source from through our Tier-1 suppliers as they play a critical role in our supply chain. We have developed a methodology for a risk assessment on the cocoa farmer groups that we will conduct annually. As part of our commitment to transparency we will share the main results and follow-up actions in our annual Cocoa Charter Progress Report.

Methodology

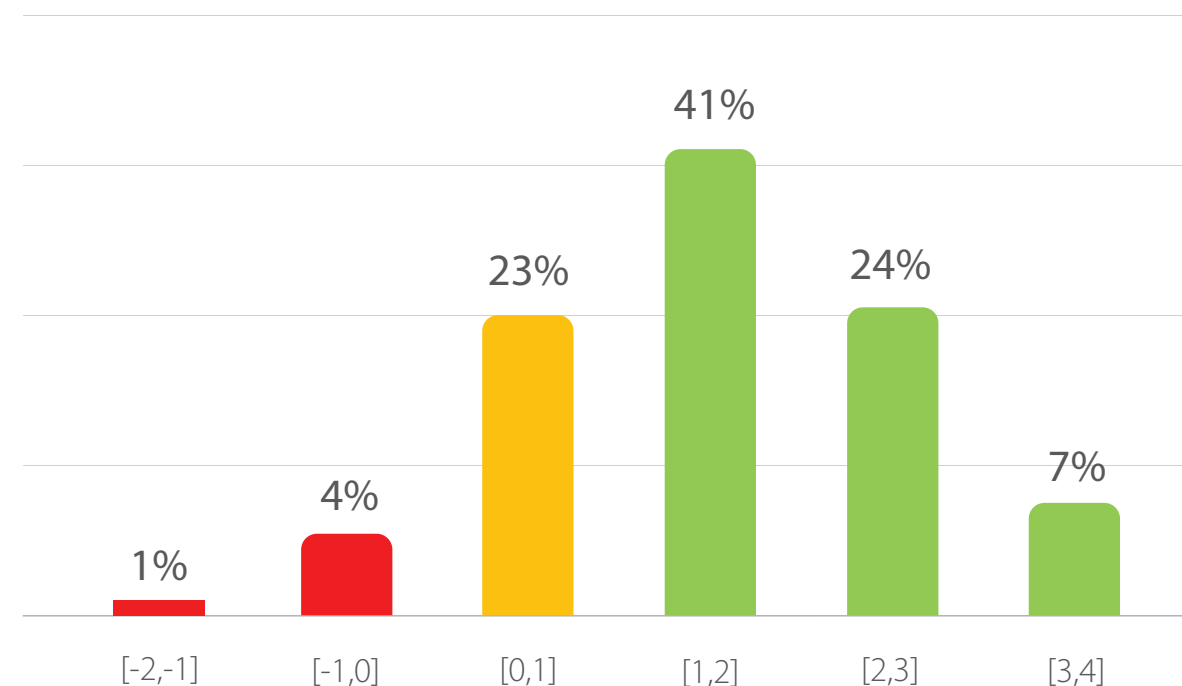


- Risk - to monitor closely, potentially phase out
- Monitoring - to be monitored/few elements of risk
- Opportunity - potential to collaborate more

Result risk assessment 2022/23

The results of the risk assessment of our cocoa farmer groups for 2022/23 is positive. From the total 193 farmer groups 95% are in the categories Monitoring (23%) and Opportunity (72%).

For the 9 farmer groups that are identified as Risk we will engage with our Tier-1 suppliers linked to them and agree with them on an improvement plan. We will monitor the progress closely and if no significant improvement is observed in due time, the recommended approach will be to phase out the farmer group.





GLOSSARY

- ▶ **Child Labour Monitoring and Remediation System:** CLMRS is a proven concept targeting prevention, mitigation and remediation assistance at children involved in or at risk of child labour, their families, and communities. The objective is to have these supply chain or community-based systems integrated into national systems, in order to create fully integrated systems
- ▶ **Farm Development Plan (FDP):** Together with our partners, we provide individual farm and financial management coaching to selected cocoa farmers and develop Farm Development Plans following a thorough assessment and tailored to their specific situation, socio-economic position, and motivation level. The FDPs have a strong focus on improving productivity but also support farmers to diversify their farms and implement agroforestry systems. The duration of the FDP cycle can vary from three to seven years. During this period farmers are monitored to track the implementation of their FDP and provide support where relevant.
- ▶ **Ferrero Supplier Code:** Across our supply chain, suppliers are required to sign our Supplier Code, which sets out our responsible sourcing requirements. Acknowledgement for Ferrero means the supplier has signed the Supplier Code.
- ▶ **Income Generating Activities (IGA):** These are small businesses managed by individuals or a group of people to increase their household income through livelihood diversification. Activities can be on-farm, for example the production of fruits and vegetables that can be used for own consumption or to sell locally, or off-farm activities such as beekeeping, grass-cutting or keeping small shops. Supporting farmers to increase and diversify their income is important to improve their resilience, and help them cope with cocoa price fluctuations.
- ▶ **Independently managed standards:** These refer to our Suppliers' verified sustainability programmes. The standards we apply to our supply are publicly reported in our Cocoa Charter.
- ▶ **Polygon mapping:** Polygon mapping is achieved with specially trained people (e.g. enumerators, lead farmers, etc.) who walk around the cocoa farm with technological devices to collect multiple GPS points through which they can very precisely identify the location of the farm and measure its size. Based on this information, it is then possible to verify that a farm is not located in a protected forest and to do a more accurate estimate of the total volume a cocoa farmer can produce. This method is more precise and robust than other methods, which collect only a single GPS point of a farm.
- ▶ **Village Savings and Loans Associations (VSLA):** VSLA groups are self-managed groups of community members who meet regularly to save their money in a safe space and have access to small loans.