



COCOA CHARTER

We, the Ferrero Group (Ferrero) seek excellence along the whole value chain, with particular focus on economic, social and environmental quality of the raw materials that we rely on for the production of our products.

Through this charter, we state our ambition for a cocoa industry that is good for people and nature, and our commitment to make this ambition a reality through responsible cocoa sourcing.

OUR JOURNEY

Our journey towards responsibly sourced cocoa started in 2005 when Ferrero became a member of the [World Cocoa Foundation \(WCF\)](#). It continued in 2008 with membership of the [International Cocoa Initiative \(ICI\)](#). Both these memberships continue to this day, with strong engagement from Ferrero. In 2011, we committed to source 100% of our cocoa beans certified by the end of 2020. In 2019, we broadened the scope of this target to include chocolate sourced from third parties. [Ferrero achieved this goal](#) and since January 2021, all the cocoa and chocolate in our products is sourced through leading certification bodies and other independently managed sustainability standards (see below under “Our Certifications and Standards”).

The challenges and issues in the cocoa supply chain, in particular in West Africa, are complex. No stakeholder can solve them alone. We are therefore collaborating closely with industry, government, civil society and others to address agricultural, social, environmental and business issues in cocoa farming. Although Ferrero's direct responsibility is towards the farmers and communities in our own supply chain, we also acknowledge the importance of looking beyond it and using collective engagements and partnerships to contribute to positive change across the entire cocoa value chain.

In 2010, Ferrero signed the Harkin-Engel Joint Framework for Action on Child Labor. In 2014, we joined [CocoaAction](#), a voluntary strategy

that brought the world's leading cocoa and chocolate companies together to accelerate sustainability and improve the livelihoods of cocoa farmers.

Ferrero is a founding member of the 2017 [Cocoa & Forests Initiative](#) aimed at tackling deforestation and land degradation in the Côte d'Ivoire and Ghana. We're also committed to supporting the Living Income Differential (LID) that has been introduced in these two key cocoa-producing countries, where we source most of our cocoa. In 2020, we [announced](#) our intention to support two very promising public-private initiatives (PPIs), the [Child Learning and Education Facility \(CLEF\)](#) and the [Early Learning and Nutrition Facility \(ELAN\)](#) which aim to promote quality education and early childhood development for over six million children in the Côte d'Ivoire.

In 2021, Ferrero renewed its [strategic partnership with the NGO Save the Children](#) among others to benefit 37.000 children in the Ivorian Haut-Sassandra region, which is an important sourcing area for Ferrero. This partnership builds on an initial successful three-year program launched in 2017 in 20 communities in the Ivorian Nawa region.

Throughout this journey, we have actively engaged our suppliers and taken our commitments seriously. The launch of this Charter strengthens our commitments and actions to achieve a cocoa industry that is good for people and nature.

FERRERO COCOA CHARTER



The four pillars are built on a **DUE DILIGENCE PROCESS** which covers all Ferrero suppliers.

Ferrero committing to support cocoa farmers

Farmers receiving targeted support on improved productivity and income diversification

Ferrero committing to provide children joyful growth

Community Development programs and women empowerment activities to protect children's rights

Ferrero committing to help end deforestation and promote biodiversity

Farmers supported to apply agroforestry systems in our value chain

Ferrero realizing a transparent and compliant value chain

High level traceability, risk assessment, progress disclosure

OUR AMBITION

Our ambition is to be a driving force behind a cocoa sector where cocoa production creates 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. For this, we are working to drive positive and long-term change in our own supply chain and beyond.

It is important to highlight that we do not simply buy products – we also manage and nurture our supply chains. This is a continuous process that can only be achieved by developing long-term partnerships with our direct suppliers and the farmer groups that supply our cocoa.

For Ferrero, ensuring compliance with our own principles ([Ferrero's Human Rights Policy Statement](#) and [Ferrero Supplier Code](#)) and with applicable laws and regulatory requirements is a **basic requirement**. We monitor our suppliers' compliance with these requirements through value chain traceability, and a robust Due Diligence and Consequence Management approach. We highlight clear principles and expectations below under **Basic Requirements** which we require our suppliers to acknowledge through the [Ferrero Supplier Code](#).

At the same time, we are convinced that Ferrero must **Go Beyond** the basics (see chapter below) to fulfil our ambition. Ferrero understands that to foster change and accelerate adoption, we must "Go Beyond" compliance and consequence management alone, by taking a proactive position on selected priorities and initiatives to create new solutions to complex challenges.

We know more can be achieved together. We see partnerships and collaborations with suppliers, smallholders, farmer communities, NGOs,

scientists, universities, local and national authorities, peer companies and other industry stakeholders as fundamental to achieving our ambition.

We detail our ambition and commitment under four pillars:

- (1) Sustainable Livelihoods
- (2) Human Rights and Social Practices
- (3) Environmental Protection
- (4) Traceability, Risk Assessments and Transparency

Under each pillar we explain what is important to Ferrero, followed by specific commitments on selected priorities and initiatives ("**Go Beyond**" section).

PILLAR 1

SUSTAINABLE LIVELIHOODS

Cocoa farmers face significant challenges to securing a sustainable living. Many factors lead to low yields and incomes: poor farm design and management, small cocoa plots, aging cocoa trees, cocoa diseases and pests, limited access to affordable and appropriate agri-inputs, lack of financial access and literacy, and limited access to agricultural education, infrastructure, and technologies. Farmers also face changing temperature and rainfall patterns, and soil degradation. Finally, cocoa farming can lack the right enabling environment in terms of regulatory framework (e.g. land titles, tree tenure, etc.), and rural and agricultural development.

For cocoa farming to be sustainable in the long term, it needs to be profitable – and farmers need to be more resilient to climatic, natural resource, and market shocks. Achieving this needs a mix of strategic interventions:

- Supporting farmers to increase their cocoa productivity and diversify their income
- Targeted land-use planning that reduces pressure on forests, ecosystems, biodiversity, and natural resources
- Collaboration at local, national and international level to drive lasting change at scale.

In our collective efforts, we need to take care of today's cocoa farmers and their communities, and inspire youth so they feel proud to become the cocoa farmers of the future.

BASIC REQUIREMENTS

Ferrero's own principles ([Ferrero's Human Rights Policy Statement](#) and [Ferrero Supplier Code](#)), applicable laws and regulatory requirements, and specifically:

Responsible labour recruitment¹

Responsible recruitment refers to protecting workers, especially temporary workers and seasonal workers, from recruitment practices that disrespect human rights.

We require suppliers to ensure that workers in the value chain, including at the farm level, are recruited ethically. This means condemning any forms of discrimination and harassment, any inappropriate or disrespectful behaviour, and promoting equal opportunities for all employees, including transient and temporary workers, seasonal workers and workers engaged in a country other than their country of origin or nationality.

Ferrero also requires suppliers to ensure that workers are recruited with respect for their basic rights, which includes provision of a written work agreement in a language understood by the worker and provided before the start of the work period, detailing information on wages, working hours, living and working conditions and benefits. Ferrero requires that these provisions at least be in accordance with national regulation, while seeking ways to honour international standards.

We require suppliers to:

- Adopt responsible labour recruitment, i.e. adhering to Pillar I of the Ferrero Supplier Code;
- Share our responsible recruitment principles with their suppliers and other supply chain actors to collaborate and find appropriate actions for continuous improvement.

Fair and safe working conditions²

Fair and safe working conditions include the respect of basic workers' rights such as a fair and competitive salary and working hours, worker representation, freedom of association, safe and secure working environments and living conditions, and access to social security or benefits that enable access to basic services.

We require suppliers to:

- Implement fair and safe working conditions, in accordance with the ILO Conventions on Wages, Working Hours and Weekly Rest, freedom of association, collective bargaining and workers' representatives, Health and Safety.

Diversity and inclusion

In the agricultural sector, women are often exposed to hazardous conditions, are vulnerable to poor labour practices, often receive a lower income than men for equal work and are generally excluded from financial decision making. This is compounded by official statistics that do not capture unpaid work by women that is performed in the field or in households.

We require suppliers to:

- Train farmers in gender equality;
- Ensure the inclusion of women in cocoa farming with equal pay for equal work, equal access to resources and information and a specific focus on tackling the challenges currently faced by women.

GOING BEYOND

A key priority for Ferrero is to support cocoa farmers in a targeted way to improve quality and productivity so that they can earn more from cocoa. As cocoa doesn't provide a year-round income, we also support farmers to diversify their income and increase food security, which makes them more resilient.

Through selected initiatives Ferrero commits to provide farmers access to basic support

Knowledge of good agricultural models and practices and working with proper equipment and agri-inputs³ as well as other resources such as hired labour are essential for farmers to build a profitable and resilient farming business and thereby improve their income and livelihoods.

¹ Refers to Ferrero Supplier Code Section of: Fair Wages; Working Hours; Diversity and Inclusion, No Discrimination and Harassment; Health and Safety

² Refers to Ferrero Supplier Code Section of: Fair Wages; Working Hours; Diversity and Inclusion, No Discrimination and Harassment; Freedom of association and Collective bargaining; Health and Safety

³ Examples are fertilizers, fungicides, pesticides.

We commit to:

- Provide farmers in our supply chain access to training in Good Agricultural Practices⁴ through Farmer Field Schools;
- Develop demo plots to demonstrate sustainable practices and farm models to farmers;
- Provide services to farmers like pruning, preferably by young adults, in order to improve the productivity of cocoa farms;
- Strengthen farmers' access to inputs such as improved planting materials for farm rejuvenation or rehabilitation, approved fertilizers and pesticides, and equipment for pruning, weeding, and harvesting.

Through segmentation, Ferrero commits to support selected farmers in a more targeted way

At our Farmer Field Schools, farmers receive training in good agricultural, social and environmental practices. This provides a relevant foundation for farmers in Ferrero's program. However, we have learned that more individualized and targeted support for farmers can significantly improve the outcomes that Ferrero is striving for.

Together with our suppliers, we have committed to provide individual farm and financial management coaching to selected cocoa farmers to help improve their farming practices and business skills, increase their access to finance, and develop Farm Development Plans with a long-term focus tailored to their specific needs and situation.

In addition to activities focused on the farm, Ferrero commits to support farmers in starting other income-generating activities such as beekeeping, grass-cutting and managing small shops.

We recognize that the right enabling environment is needed to ensure farmers are able and willing to change their farming practices and improve their conditions. Ferrero therefore commits to start activities with its suppliers on key topics like land tenure and tree registration, and scale them where possible and relevant. Farmers are also supported to establish or convert to cocoa agroforestry systems, which could enable diversification of crops and incomes, help with adaptation to climate change, protect soils and water sources, and lead to long-term improvements in farm conditions and resilience.

Through complementary actions, Ferrero seeks to contribute further to increasing farmer income

In addition to providing targeted support to farmers to increase cocoa productivity and diversify their income, Ferrero pays a cash premium to farmers on top of the commercial price for the purchased cocoa. To ensure farmers correctly receive this cash premium, Ferrero has started working with digital payments to farmers to increase financial transparency.

Ferrero has also committed to the Living Income Differential (LID) of USD 400/mt which is paid as of the 2020/2021 season to the Conseil du Café-Cacao and Ghana Cocoa Board, the cocoa regulating bodies of Côte d'Ivoire and Ghana, as a premium on the export price of cocoa. The governments of Côte d'Ivoire and Ghana introduced the LID in 2019 as a way to help cocoa farmers achieve a living income.

Ferrero commits to continuously monitor best practices, relevant studies, and collective platforms where knowledge is collected and shared. We are always engaging with our suppliers and other partners to explore opportunities that can contribute to further increasing farmer income.

PILLAR 2

HUMAN RIGHTS AND SOCIAL PRACTICES

We believe in the importance of respecting the human rights of all actors in our value chain.

Ferrero condemns any form of exploitation of people: any form of child labour, bonded labour, indecent housing conditions for farm workers, or unfair working conditions. Where applicable, Ferrero is committed to ensure remediation in collaboration with other relevant stakeholders in the supply chain, for any relevant grievances that are raised.

BASIC REQUIREMENTS

Ferrero's own principles (Ferrero's Human Rights Policy Statement and Ferrero Supplier Code), applicable laws and regulatory requirements, and specifically:

Child⁵ Protection and No child labour

We believe that children have the right to experience joyful growth. For Ferrero this means a right to education and a safe environment that fosters a child's playful spirit and healthy development.

⁴ *Good Agricultural Practices*

⁵ The term 'child' is defined as any person under the age of 15, or under the age of completing compulsory education or under the employment minimum age in the country, whichever is greatest.

Child labour is defined by the ILO as "work that deprives children of their right to play and their right to basic needs, their potential and their dignity, and that is harmful to physical and mental development."

It refers to work that:

- is mentally, physically, socially or morally dangerous and harmful to children; and
- interferes with their right to education by:
 - depriving them of the opportunity to attend school;
 - obliging them to leave school prematurely; or
 - requiring them to attempt to combine school attendance with excessively long and heavy work.

We are also guided by the Children's Rights and Business Principles. This is an approach developed by UN Global Compact and Save the Children to guide companies on the full range of actions they can take in the workplace, marketplace and community to respect and support children's rights.

No Forced, Bonded and Compulsory Labour

We oppose forced labour as defined by the ILO and condemn the use of all forms of forced or compulsory labour, including forced prison labour, indentured labour, bonded labour, modern forms of slavery and any form of human trafficking in our value chain.

We oppose Forced, Bonded or Compulsory labour and take the 11 ILO indicators⁶ as reference to take appropriate steps to identify, prevent and address forced labour.

Land Acquisition and Rights of Indigenous Peoples and Local Communities⁷

Ferrero understands the importance of undertaking thorough consultation prior to any land acquisition, ensuring respect for the rights of indigenous peoples and local communities in accordance with the UN Declaration on the Rights of Indigenous Peoples⁸.

We require suppliers to:

- Ensure the formal and customary rights of indigenous peoples and local communities are respected when acquiring land and ensure land is acquired and used in accordance with the free, prior, and informed consent (FPIC) principles. This includes where conservation and restoration work impinge on the rights, lands, and resources of indigenous peoples;

- Demonstrate practices to protect the natural environment and ecosystem as the basis to protect the ecosystem services, land rights, territories, traditional cultures and livelihoods of local communities.

Environmental and Human Rights Defenders

Ferrero recognizes the roles and efforts of individuals and organizations who engage in activities to protect and advance the global environmental and human rights agenda. We are concerned about the increasingly difficult situation faced by environmental and human rights defenders, as well as for the communities they represent.

We require suppliers to:

- Share the same view as Ferrero and condemn all harm that impacts the safety and activities of environmental and human rights defenders.

GOING BEYOND

Ferrero acknowledges that child labor is still a significant issue despite progress made so far by industry. We seek to go further in protecting children's rights and ensuring children in cocoa-growing communities can enjoy joyful growth.

Through selected initiatives Ferrero commits to take appropriate steps and measures to identify, prevent and address child labour issues in its cocoa supply chain

To effectively address child labour, it is essential to have reliable systems in place that are able to identify households at risk of child labour in the areas where Ferrero operates.

We commit to:

- Have the farmer groups in our supply chain covered with a Child Labor Monitoring and Remediation System (CLMRS)⁹ or equivalent system.

Through our long-term strategic partnership with Save the Children, Ferrero strives to continuously strengthen and scale the activities across its sourcing areas

The overall objective of the Ferrero/Save the Children partnership is to contribute to the holistic wellbeing and development of children, adolescents and youth in cocoa-growing communities by reducing the risk factors of child labour in cocoa farming. The partnership has designed an integrated and holistic approach focusing on community development, child

⁶ 11 ILO indicators

⁷ Refers to Ferrero Supplier Code Section of: Environmental related Human Rights Issues

⁸ United Nations Declaration on the Rights of Indigenous Peoples

⁹ ICI Child Labour Monitoring and Remediation System

protection, access to quality education, food security and the socio-economic empowerment of adolescents and youth. The activities will be implemented in selected areas in Ferrero's cocoa supply chain.

In collaboration with Save the Children, we commit to:

1. Direct intervention in selected communities in Haut-Sassandra region (Côte d'Ivoire) using Save the Children's holistic approach. Ferrero also commits to actively involve and coordinate with key stakeholders (authorities, technical structures, industries, communities, local radio stations, etc.) and other initiatives to create synergies where possible and maximize impact.
2. Harmonize the Community Development¹⁰ programs implemented by suppliers in Ferrero's supply chain in Côte d'Ivoire and Ghana, with strategic guidance and technical support from Save the Children.

Through collective initiatives, Ferrero also commits to protect children beyond its own cocoa supply chain

Ferrero has a strong focus on contributing to positive change across the entire cocoa value chain, including beyond our own supply chain. We do this by engaging in various multi-stakeholder platforms and partnerships.

A core element in Ferrero's approach is our long-term membership of the International Cocoa Initiative (ICI) since 2008. ICI is a multi-stakeholder platform that aims to ensure a better future for children and to advance the elimination of child labour. It operates in Côte d'Ivoire and Ghana.

In 2020, ICI published its new **five-year strategy** (2021–2026) outlining how it will work together with its partners to innovate, catalyse and support the development and scale-up of effective policies and practices that promote human rights and that prevent or remediate child labour and forced labour.

Ferrero has also announced its intention to support two public-private initiatives (PPIs): the Child Learning and Education Facility (CLEF) and the Early Learning and Nutrition Facility (ELAN) which aim to promote quality education and early childhood development for over 6 million children in Côte d'Ivoire.

Through selected initiatives, Ferrero commits to support women's empowerment and reduce gender inequality

Ferrero acknowledges the critical role of women as agents for economic, environmental and social change, and for ensuring child protection. To support and promote this, Ferrero commits to work actively with its partners to implement interventions that contribute to women's empowerment and help reduce gender inequality.

One of the tools that Ferrero is implementing and commits to scale further is the Village Savings and Loans Associations (VSLA), which have proven to be very effective. Through these groups, women get access to small loans that they often use to set up small business or to pay for their children's school needs.

PILLAR 3

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

Ferrero recognizes the role that forests, ecosystems, soil, pollinators, and water play in regulating our climate and ensuring a healthy, biodiverse home for humans, plants and animals. The rate of deforestation and forest degradation, particularly in Côte d'Ivoire and Ghana, threatens to undermine the resilience of the cocoa, and accelerate the climate and environmental crisis. This is impacting the livelihoods of the millions of smallholder farmers who depend on it.

We commit to having a cocoa value chain – and in particular cocoa production – that not only preserves the environment, but that also becomes a best practice for the conversion to agroforestry and climate-smart farming systems, and a positive driver to preserve and regenerate biodiversity, soils, and water sources. This creates healthy farming ecosystems that benefit farmers and the environment.

BASIC REQUIREMENTS

Ferrero's own principles (Ferrero's Human Rights Policy Statement and Ferrero Supplier Code), applicable laws and regulatory requirements, and specifically:

Protect natural forests and other natural ecosystems from deforestation and conversion

Ferrero is committed to ending deforestation, preserving and restoring forest areas and natural ecosystems, and maintaining biodiversity.

¹⁰ Community Development means the following: The role of communities is crucial not only for child protection but also to identify alternatives to child labor. Community members are supported through a methodological approach to identify and map their needs as well as how to elaborate plans of action aimed at the prevention and reduction of child labor. Promoting livelihood diversification, income management skills and access to credit are additional strategies to cope with poverty at household level.

We require suppliers to:

- Commit to adopt policies on 'No Deforestation, No Peat and No Exploitation policy' (NDPE)¹¹ and no conversion of natural ecosystems;
- Not source cocoa from farms located in protected forests and ensure that the cocoa has been produced in accordance with the laws of the country of production;
- Commit to 100% no deforestation as defined by the High Carbon Stock Approach (HCSA)¹² with cut-off date of 2018 aligned with CFI;
- Ensure no further conversion or sustained degradation of any natural forest;
- Protect forests and natural habitats by conserving High Conservation Value (HCV) areas¹³;
- Ensure no development occurs on peat, regardless of depth, and other landscapes identified as ecologically sensitive;
- Not use fire to clear land;
- Facilitate monitoring of land use changes;
- Remediate where they have caused or contributed to conversion of natural forests or ecosystems.

Water management and conservation

Fresh water is a precious resource that is under increasing pressure from a growing global population. Although many cocoa farms are not irrigated, water use remains an important element to manage responsibly. It is equally important to protect water sources from degradation and pollution.

We require suppliers to:

- Optimize water usage;
- Ensure groundwater quality is maintained or improved;
- Support water conservation.
- Chemical and fertilizer management

The cocoa sector has taken strong measures to improve the use of chemicals and fertilizers on cocoa farms. Nonetheless, we need to continue optimizing the availability of appropriate agri-inputs and agri-input application practices, while minimizing the use of harmful agri-inputs, to protect biodiversity, natural resources, and farmer health.

We require suppliers to:

- Not use chemicals considered harmful (those on the WHO class 1a and b, Stockholm POP and Rotterdam PIC lists) to the environment and/or to people;
- Perform and promote reduced use of harmful chemicals and fertilizers across their supply chain and towards farmers, and put in place alternative soil enrichment and pest and disease management solutions, such as integrated crop management practices;
- Keep children away when agro-chemicals are applied on the farm, including the carrying of water used for agro-chemicals.

Soil quality

The success of cocoa farming is highly dependent on the quality of the farm's soil. Good soil helps to sustain the growth and health of cocoa trees and may result in higher yields, better cocoa quality, lower pest and disease incidence, a longer crop cycle, increased carbon sequestration, and increased resilience to changing weather and water stress.

We require suppliers to:

- Train farmers in taking appropriate steps to preserve and enrich soil quality and minimize soil degradation and erosion;
- Perform and promote good farming and agricultural practices across their supply chain and towards farmers;
- Perform and promote composting and re-use of organic matter, and regenerative agriculture (i.e. practices which promote soil biodiversity and carbon storage, and which can contribute to protecting natural resources).

GOING BEYOND

In partnership with its suppliers, Ferrero actively contributes to end deforestation and restore forest areas, and to support farmers to convert to agroforestry systems and become more climate resilient.

Through the Cocoa and Forests Initiative (CFI), Ferrero is committing to end cocoa-related deforestation in selected territories

Ferrero recognizes that deforestation, ecosystem conversion, and forest degradation are critical issues in the global cocoa supply chain.

¹¹ [Understanding commitments to No Deforestation, Peat and Exploitation](#)

¹² <http://highcarbonstock.org>

¹³ HCV are places with significant biological, ecological, social, or cultural values that are not necessarily officially protected. There are 6 categories of HCVs as defined by the HCV Network: i) species diversity, ii) landscape level ecosystems, iii) ecosystems and habitats, iv) ecosystem services, v) community needs, and vi) cultural values. More info on: <https://hcvnetwork.org>

Côte d'Ivoire and **Ghana**, the two largest cocoa-producing countries, respectively lost 25% and 8% of their primary forest between 2002–2019, with a significant portion of deforestation due to cocoa farming. Since 2017, the governments of Côte d'Ivoire and Ghana and a growing number of leading cocoa and chocolate companies including Ferrero have joined together in the CFI to end deforestation in the cocoa sector and to promote socially and environmentally sustainable cocoa production.

A key priority within the CFI is to support the transition towards Climate Smart Cocoa¹⁴ and the conversion of cocoa farms to agroforestry systems to enhance farm biodiversity, improve soil health, support income diversification and make farmers more resilient to climate change.

We commit to the CFI's eight Core Commitments:

1. Prohibit and prevent activities in the cocoa sector that cause or contribute to any further deforestation or forest degradation in the cocoa sector;
2. Respect the rights of cocoa farmers, including identifying and mitigating social risks, and sequencing the implementation of actions to minimize potential adverse social and economic impacts;
3. Promote the effective restoration and long-term conservation of National Parks and Reserves, and Classified Forests in Côte d'Ivoire; and of National Parks, Wildlife Sanctuaries, Wildlife Resource Reserves, Forest Reserves, and unprotected off-reserve forest lands in Ghana;
4. Strengthen supply chain mapping, with the end goal of full traceability at the farm level;
5. Implement verifiable actions and time bound targets on the basis of sound data, robust and credible methodologies, stakeholder consultation, and realistic timeframes;
6. Implement agreed actions in the context of a broader landscape-level approach, with strong links with similar initiatives in other commodities, and full alignment with relevant national strategies;
7. Work together to implement the Framework actions, including continued engagement in a multi-stakeholder process for dialogue on key issues, development of effective implementation plans, joint learning and knowledge sharing and enabling institutional capacity;
8. Provide effective monitoring and reporting on progress on commitments and actions to ensure transparency and accountability.

PILLAR 4

TRACEABILITY, RISK ASSESSMENTS AND TRANSPARENCY

The existing economic, environmental and social issues underpinning the value chain are often complex, systemic and deeply rooted. It is through transparency and an approach of shared responsibility that we can create the greatest positive impact on people and the environment.

We believe in strong and productive relationships between all stakeholders along the value chain: farmers, farmer groups, companies, governments of producing and consuming countries, NGOs, certification organizations and academic institutions. We consider this fundamental for tackling systemic issues in the cocoa sector and to jointly create a more sustainable sector for the future.

BASIC REQUIREMENTS

Knowing where our raw materials come from through:

Traceability and data management

For Ferrero it is essential to be able to trace our cocoa to its source. This is not just a numbers exercise, but a commitment to foster a deeper understanding and relationship with businesses and farming communities. It enables us to understand their challenges more precisely, to assess under which conditions the cocoa that enters our supply chain is produced, to perform the necessary compliance checks, and to generate sector-wide benefits.

We commit to:

- Reach and maintain 100% traceability of our cocoa back to farm group level, and to farm level.

GOING BEYOND

Ferrero is fostering data management and reporting through key initiatives that grow our Management System and enable a targeted approach. We ensure the implementation of this Charter and its four pillars along its value chain by adopting a due diligence-based approach and putting management systems in place, including the publication of an Action Plan and Progress Reports.

We commit to:

- Working with our suppliers, address all pillars of this Charter consistently, including

¹⁴ [Climate Smart Cocoa | World Cocoa Foundation](#)

the collection of structured information and data along the value chain which act as the basis for future actions and the evolution of our commodity strategy;

- Have 100% of the farmers in our cocoa supply chain polygon-mapped¹⁵ each year, and regularly renew the mapping to ensure the data is valid;
- Use traceability to target actions to achieve the commitments under this Charter.

OUR APPROACH TO VERIFICATION

We commit to verify that our supply chain is aligned with our Charter. Sourcing 100% of our cocoa through certification and independently managed standards represent the baseline verification for our Charter commitments.

Beyond these standards we will:

- Use Ferrero's cocoa data management platform¹⁶ to obtain visibility over our entire cocoa supply chain, collect and analyse key data on agricultural, social and environmental practices, perform relevant risk assessments, validate the value chain through data science and ensure that performance is continuously improving;
- Use satellite monitoring to monitor potential deforestation and ecosystem conversion in our supply chain;
- Perform announced and unannounced farm visits and audits, in collaboration with our partners;
- Continuously explore the launch of other innovative independent third-party verification tools throughout our supply and beyond, for example as part of collective initiatives such as the CFI.

In addition to Ferrero's own verification instruments and activities, many of our suppliers already have their own data management platforms and are collaborating with service providers to perform satellite monitoring.

GRIEVANCE MECHANISM AND NON-COMPLIANT SUPPLIERS PROCESS

Ferrero commits to a robust, transparent and accessible grievance mechanism to enable stakeholders to raise a grievance. All grievances logged under the Grievance Mechanism shall be dealt with in a timely and transparent manner.

Ferrero provides an **"Integrity Helpline"**¹⁷, managed by a third party and open 24/7/365. It can be accessed online and by phone in 43

languages at www.ferrero.com. All notifications are managed confidentially. Ferrero will promptly investigate any concerns raised.

Ferrero not only commits to a responsible physical supply chain but aims to have a supply chain made up of responsible suppliers who are respecting human rights and protecting forests across their operations and across all commodities, not just in those directly supplying us. In this regard, if a grievance is logged with Ferrero against a supplier, we will also investigate links beyond the physical supply chain and act on information available.

PUBLIC REPORTING

We are committed to transparency to accurately inform our stakeholders of our progress and the challenges we face along the way.

We commit to:

- Publish and update the list of tier-1 suppliers and farmer groups in our supply chain once per year.
- Publish action plans and publish an annual progress report on the implementation of this Cocoa Charter.

Each year Ferrero also publishes the progress report on its action plan for the Cocoa and Forests Initiative (CFI), and commits to annually update its list of tier-1 suppliers and farmer groups that to publish them at www.ferrero.com.

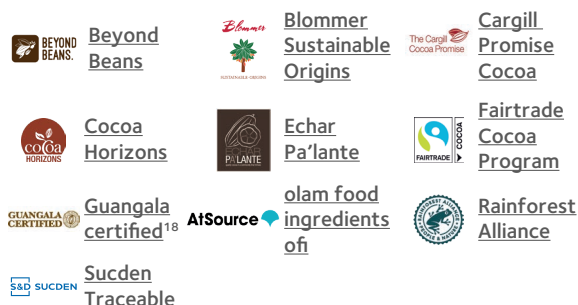
We also invite stakeholders to provide regular input where relevant and possible.

OUR CERTIFICATIONS AND STANDARDS

Ferrero remains committed to credible independent verification for both its own operations and those of its suppliers along the value chain. This involves recognized standards.

The various standards we apply to our supply chain are detailed below.

Standards



¹⁵ In polygon mapping, specially trained people 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 than other methods, which collect only a single GPS point of a farm.

¹⁶ Ferrero collaborates with [Sourcemap | Supply Chain Mapping](https://sourcemap.com)

¹⁷ [Ferrero Integrity Helpline](https://www.ferrero.com/integrity-helpline)

¹⁸ Guagala applies the [ISO 34101: 2019 Standard for Sustainable and Traceable Cocoa](https://www.iso.org/standard/67391.html) for the cocoa beans delivered to Ferrero