



FERRERO

ANNUAL COCOA CHARTER PROGRESS REPORT 2023/24



KEY FIGURES ON FERRERO'S PROGRESS IN 2023/24

	PILLAR I: SUSTAINABLE LIVELIHOODS	PILLAR II: HUMAN RIGHTS & SOCIAL PRACTICES	PILLAR III: ENVIRONMENTAL PROTECTION	PILLAR IV: SUPPLIER TRANSPARENCY
MITIGATION PROGRAMS	 65,000 farmers received targeted support ¹ to improve farming practices and diversify income	 100% farmer groups covered by Child Labour Monitoring and Remediation System (CLMRS) – or equivalent	 1.5 Million trees distributed for on- and off-farm planting	
	 47,000 people participating in Income Generating Activities	 16 schools built or renovated (144 in total by 2023/24)	 198,000 ha of agroforestry developed (42% of total ha)	 97.4% cocoa traceable to farm level via Polygon mapping
	 912,000 cocoa seedlings distributed	 2,035 VSLA groups ² active	 17,000 ha under Community-Based Natural Resource Management	
STANDARDS AND CERTIFICATION	 99%³ cocoa sourced through certification and independently managed sustainability standards			 534,000 ha assessed for deforestation risk
SUPPLIER RISK MANAGEMENT DUE DILIGENCE	 100% cocoa suppliers acknowledged our Supplier Code			 199,000 farmers participated in Ferrero's program
				 208,000 metric tonnes of cocoa sourced

¹ This value represents the number of farmers that are supported with long-term Farm Development Plans.

² 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.

³ The Ferrero Group perimeter in scope of reporting for 2023/24 include Ferrero core brands and the acquisitions Thorntons, Fannie May, FerValue, ICFC, Eat Natural and Keebler. Of these entities the cocoa volumes for Keebler were not purchased as certified in 2023/24.

⁴ For the remaining part traceability information is missing to perform the deforestation assessment.



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 a cocoa sector where 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.

FERRERO COCOA CHARTER

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

2023/24 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) ⁵
	PILLAR II: Human Rights and Social Practices	Percentage of farmers’ groups with Child Protection Systems such as CLMRS ⁶ Number of children reached via holistic Community Development programmes ⁷ Number of VSLA groups established ⁸
	PILLAR III: Environmental Protection	Hectares of cocoa farms with agroforestry in development
 Standards and Certifications	PILLAR I: Sustainable Livelihoods	Percentage of cocoa sourced responsibly ⁹ Percentage of cocoa sourced with Living Income Differential (LID) ¹⁰
 Supply Chain Visibility	PILLAR IV: Supplier Transparency	Percentage of cocoa sourced traceable to farm level Percentage of cocoa sourced deforestation-free
 Supplier Risk Management Due Diligence	Basic Requirements - Due Diligence	Percentage of Supplier Code acknowledged

* For key figures on our progress please see previous page

⁵ Income Generating Activities.

⁶ Child Labour Monitoring and Remediation System.

⁷ Implementing partners: Save the Children and suppliers.

⁸ Village Savings and Loans Associations.

⁹ Sourcing is done through certification and independently managed sustainability standards.

¹⁰ Applies to Côte d'Ivoire and Ghana only.

2023/24 COCOA PROGRESS REPORT

In this report, we outline our progress against the **Cocoa Action Plan** in the 2023/24 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: poor 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: cocoa in warehouse

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 2023/24 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 2023/24, around 73,000 farmers have received one-to-one coaching on farm and business planning, and 65,000 farmers (+30% vs last year) are supported with individual long-term Farm Development Plans. In addition, 158,000 farmers participated in group training on good agricultural practices. We also supported almost 47,000 people (+14% 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 920,000 cocoa seedlings in 2023/24¹¹, making a total of almost 9.6 million since 2014/15. In addition, on top of the commercial and farm-gate prices set by some governments, we pay premiums to farmer groups, doing so for 197,000 farmers this year. Of these, we paid 29% 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 over 4,500 active young adults in community-service groups or 'pruning groups' to provide farming services to farmers.

¹¹ Cocoa seedlings were not distributed in Côte d'Ivoire due to the ban imposed by the government in 2018.



CASE STUDY

THE INVISIBLE WORLD BEHIND TRACEABILITY: DATA CLEANING AND VALIDATION ARE THE BACKBONE OF RELIABLE TRACEABILITY DATA

Our guiding principle is that we can only positively impact supply chains – farmers, communities and the environment – when we know where our ingredients come from and under which conditions they have been produced. We call this **‘Sacco Conosciuto’** or ‘the known bag’. Traceability has been the cornerstone of our sustainability approach from the beginning, and we set very strict requirements for our suppliers as outlined in our Cocoa Charter. Traceability is also at the core of the new European Union Deforestation Regulation (EUDR)¹² that will go into effect on December 30, 2025 for a selected number of commodities like cocoa. Companies that place goods on the European market need to demonstrate they are deforestation-free. This is only possible if you know where those goods come from.

We monitor very closely that suppliers deliver on our core requirement and are very proud to achieve already for many years a high level of traceability. In 2023/24 the cocoa we sourced was 97.4% traceable to farm level via polygon mapping. There are many elements that make up this high level of traceability such as building long-term relationships with farmer groups through our direct suppliers, ensuring that our suppliers keep the cocoa beans segregated from non-traceable and non-compliant cocoa beans and requiring our suppliers to polygon map the farmers from which they source cocoa beans for Ferrero. In this case study we will look closer into the farm polygon mapping.

Farm polygon mapping

Polygon mapping is performed by trained people (e.g. enumerators, lead farmers, etc.). They walk around the cocoa farm with technological devices to collect multiple GPS points through which they can identify the location and shape of the farm and measure its size. Based on this information it is then possible to verify that a farm is not located inside a protected forest, and also to do a more accurate estimate of the total volume a cocoa farmer can produce.



Image: farm polygon mapping

¹²The EUDR (Regulation (EU) 2023/1115) requires companies that place products on the European market or export from it, to demonstrate that their products are free from deforestation and forest degradation and have been produced in compliance with local laws. Ferrero will have to demonstrate this too for the cocoa beans we buy from farmer groups and farmers in Côte d'Ivoire, Ghana, Nigeria and Ecuador through our tier-1 suppliers, and that we import into Europe. Cocoa beans represent the vast majority of our total cocoa volume.



Based on many years of experience, we know there's a realistic chance of errors in the farm data collection such as incomplete or corrupted farm shapefiles, incorrect farm coordinates (e.g. polygons falling in water bodies or urban zones), duplicate entries (in both geometry and attributes), or inconsistencies between mapped farms and the farmer registry. It's not very strange these errors can occur. Farms of smallholder cocoa farmers often have irregular shapes and more importantly don't have clearly defined boundaries. There's not a line drawn on the ground nor is there a cadaster. For an enumerator it's therefore often difficult to know exactly which path to follow when walking around the farm to collect multiple GPS points. Sometimes there can also be trees or a riverbed on the boundary line which forces the enumerator to walk around it and hence step aside from the farm boundary line. Overlaps are therefore very common issues in farm mapping.

Another challenge is that cocoa farms are often located in remote, rural areas where there is no access to internet. When the enumerator walks around the farm the data is collected offline and can't be checked on the spot if there are any errors in the data.

Data cleaning and validation

Walking around the farm to collect the farm polygons is therefore only the first step in the process. The critical part is the cleaning and validation of the data. This activity is done at the offices of our suppliers by specialized people. They critically review all the mapping data and check for errors. Sometimes errors can be small such as connecting the farm plot to the wrong farmer in the farmer registry. These can be resolved easily in the system. But in the case of

incorrect shapefiles, too much overlap or other issues the farm polygon mapping has to be re-done by the enumerator. Based on estimates from suppliers the percentage of cocoa farms to be re-mapped due to errors ranges somewhere between 5-15%. Given the number of smallholder farmers in the cocoa supply chain this can represent a large number of farms. It demonstrates the great importance of data cleaning and validation which is truly the backbone of reliable traceability data. This is also clearly expressed by our suppliers looking at the quotes they provided.

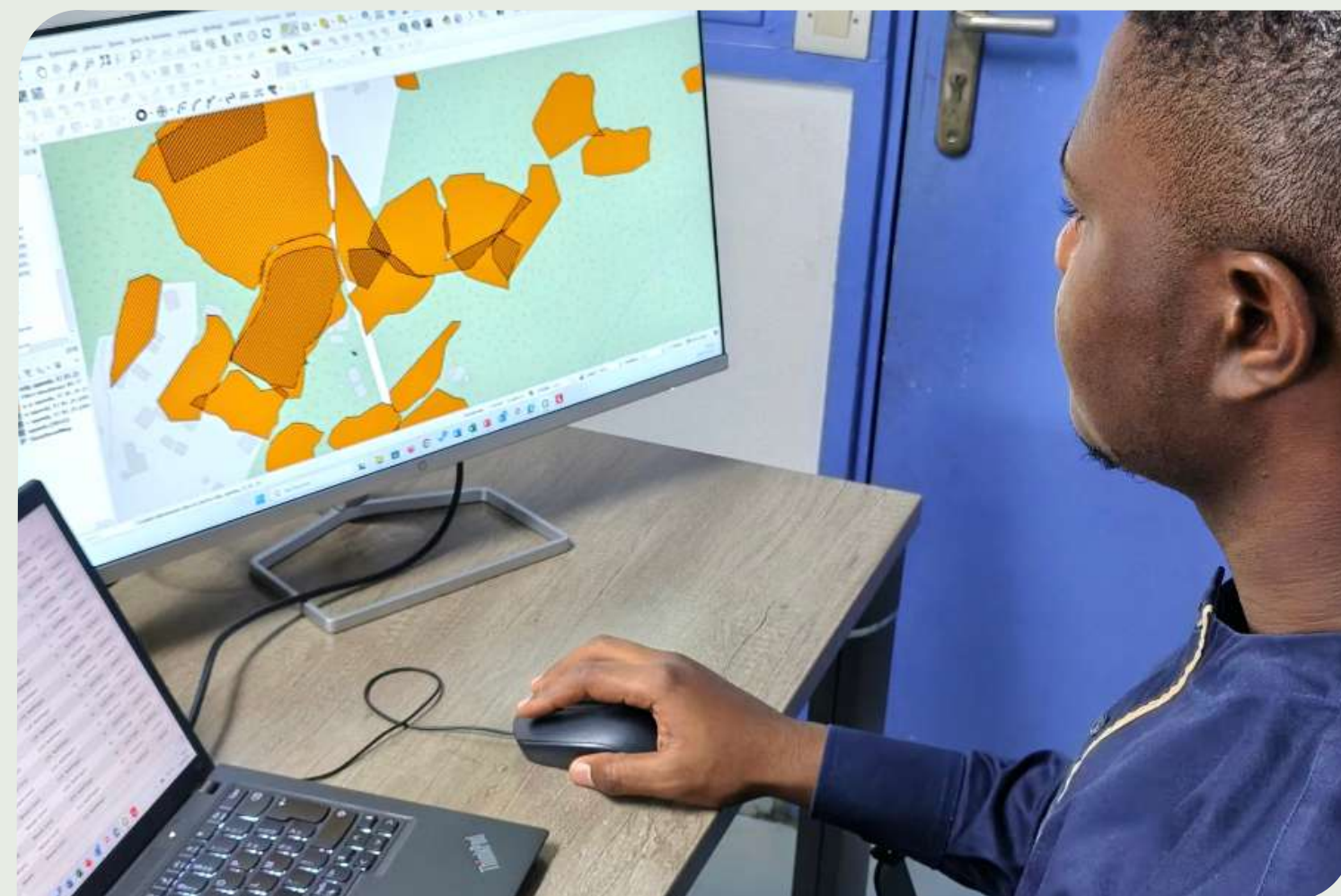


Image: data cleaning and validation



Extra layer of rigor

For the calculation of our annual traceability level, we go an extra step further. We request our suppliers to upload annually on **Sourcemap**, the data management platform we use for several strategic commodities like cocoa, all relevant traceability data. For example, per farmer group a list of all farmers, how much cocoa each farmer supplied that year for Ferrero, the GPS locations of their farms and the polygons. This data is then cross-checked by the analyst from Sourcemap to see if the data is matching. If errors are identified, we contact the supplier and request to make the necessary corrections. In some cases, this can also mean that some farms have to be re-mapped. We continue this process until all data is matching correctly.

Quotes from some of our suppliers:



Data cleaning and validation may not be the most visible step in the traceability process, but it is absolutely foundational. Without rigorous validation of farm polygons, downstream insights such as yield estimates become unreliable. Clean, accurate data isn't a luxury; it's the basis for credible reporting and effective sustainability action. We are able to advance on this topic thanks to our dedicated team of data analysts.

Martin ROSSI, Sustainability Manager, Cocosource



Farm polygon mapping starts with clean and validated data. Even the best satellite imagery or digital tools can produce misleading results without standardized cleaning and validation procedures in place. By maintaining high data quality standards, we ensure reliable traceability across our sustainable cocoa programs.

Bart DRAAIJER, Head of Sustainable Cocoa, ETG- Beyond Beans



For smallholder cocoa farmers clean and validated farm data isn't just a technical requirement. It's the foundation of fairness and compliance. Accurate farm maps enable better planning, equitable resource distribution, and recognition of every farmer's effort. Most importantly, they are essential for full traceability and meeting the requirements of the EU Deforestation Regulation, helping ensure that our cocoa is not only sustainable but also market-ready.

Mamud Abdul-Rahman, Certification Manager, Cocoa Abrabopa Association



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 respecting and 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



Image: father and child

their physical and 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 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 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 2023/24 growing season?

Last season, 100% of our dedicated farmer groups were covered with a CLMRS or equivalent system.

In addition, we informed 233,000 people about children's rights, and 178,000 people about adult forced labour; we monitored 152,000 households and 246,000 children through our child protection systems, and helped children obtain almost 1,800 official birth certificates bringing the total since 18/19 to almost 14,000.

To improve education prospects, we constructed or renovated 16 schools and 4 school canteens in 2023/24, bringing the total respectively to 144 and 106 since 2016/17, and gave 16,000 children school kits. We supported 179 youth with vocational training or apprenticeships in 2023/24, bringing the total to 985 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. After a slow start things have started to pick up under leadership of the Minister of Education and the project is delivering on its objectives. In the first year around 7,000 teachers have been trained in evidence-based pedagogical techniques, and 4,277 out-of-school children (44% girls) in remote rural areas enrolled in formal education through bridge classes.

Of critical importance has also been the further scaling of Village Savings and Loans Associations (VSLA), bringing the total active VSLA groups by 2023/24 to 2,035 (+21% vs last year), involving almost 55,000 members, mainly women, that together saved almost 4.8 million euro in 2023/24, of which 2.8 million euro was loaned to set up small businesses, pay school fees, among other activities.

We also established 2 new vegetable greenhouses bringing the total to 15, and constructed or renovated 13 water pumps in, bringing the total to 195 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.10 for results of the third year).



Image: save the children



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 Adolescents & Youth 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.



Save the Children

Map Côte d'Ivoire









FOURTH YEAR RESULTS PROJECT IN HAUT-SASSANDRA REGION

In 2024, we continued implementing activities in all 65 communities. Progress has been made along the pillars reaching **26,269** direct beneficiaries including **9,192** children by the end of the fourth 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	13,365	53,422
 Community Strengthening	Community Action Plans (CAP)	Target already completed	65
	VSLA groups established	Target already completed	65
	VSLA members		1,584 (57% women, 43% men)
	VSLA members with an IGA	1,230 (78%)	1,230 (78%)
	People trained on contamination and water management	0	456
 Increasing access to Education	Bridge classes (re) built and opened	5	66
	Number of bridging courses activated/completed	28	168
	Out-of-school children (9-14 y.o.) enrolled in bridging classes	526	3,502
	Teachers trained on Literacy and Numeracy Boost methodologies	173	279
	Communities supported with operating community canteens	0 new community canteens opened (and 0 canteen staff trained)	57 community canteens opened (and 112 canteen staff trained)
 Empowering Adolescents and Youth	Number of A&Y participating in training on life-skills, decent work, children and A&Y rights	0	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

SYSTEMS INTEGRATION: PILOTING A CHILD LABOR MONITORING AND REMEDIATION MODEL INTEGRATED IN GOVERNMENT SYSTEMS IN CÔTE D'IVOIRE

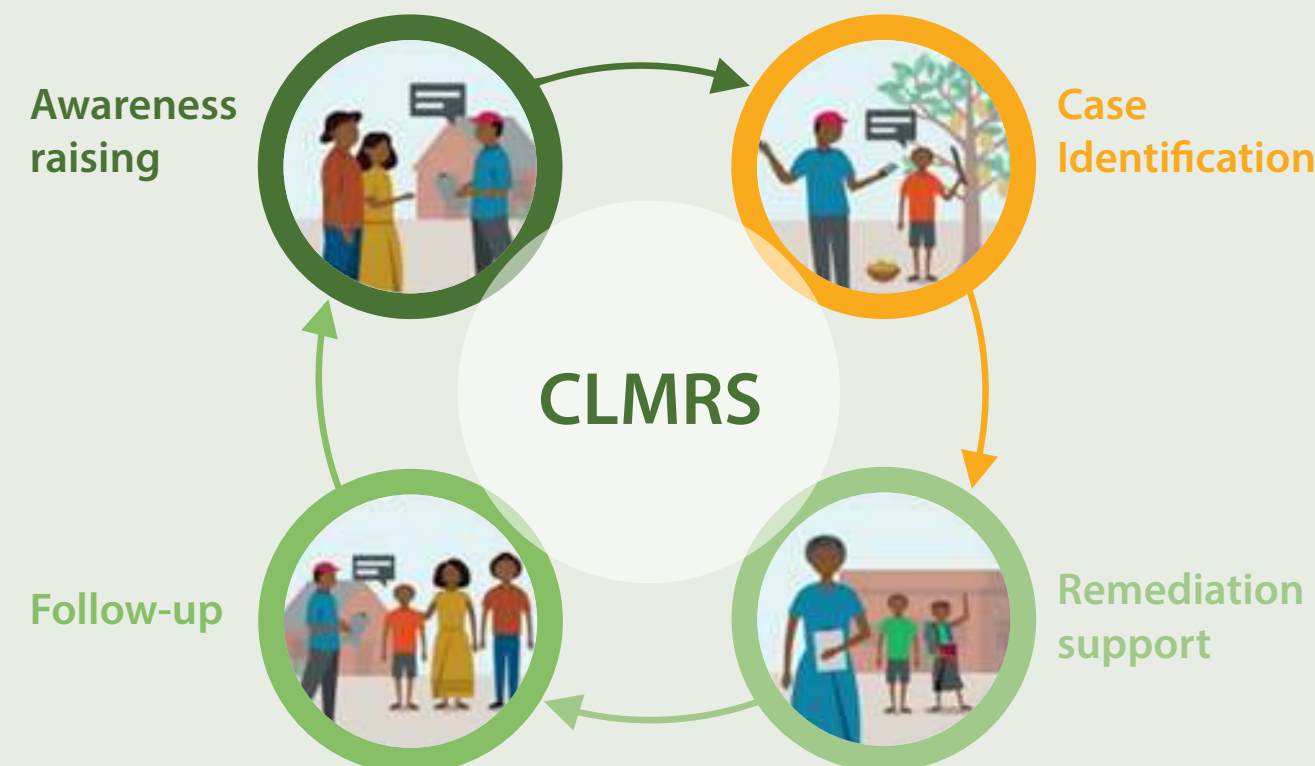
As part of our strong commitment to respect children's rights, we have outlined in the Cocoa Charter our requirement that farmer groups in our cocoa supply chain are covered with a Child Labor Monitoring and Remediation System (CLMRS) or equivalent system. CLMRS are systems designed to identify children in child labor, or at risk of child labor, and put in place support to effectively prevent and address it.

CLMRS has become commonplace in the cocoa sector today in West Africa, as part of companies' efforts to tackle child labor in their supply chains. Most CLMRS operate in parallel with government systems, instead of being integrated into government systems as it was originally foreseen by the International Labor Organisation (ILO)¹⁵. One of the reasons is that government systems in some cocoa producing countries not always have the necessary capacity to perform all their roles and responsibilities, such as the management of child labor cases and providing access to education and other basic services. As companies couldn't fully rely on the government systems to ensure compliance with their Human Rights Due Diligence (HRDD), they gradually started to cover the elements of the CLMRS process from A-Z.

How the standard CLMRS model¹⁶ works in practice

The standard CLMRS are built around CLMRS Agents (also known as Community Facilitators or Field Officers) who visit households, raise awareness of the dangers of child labor, and identify children engaged in hazardous work. If a child is found at risk of child labor, they are recorded in the system, and support is provided by the CLMRS Agent to the child, their family and/or community. After a child is identified as being in child labor, CLMRS Agents conduct regular follow-up visits to monitor the child's situation and determine if they are still engaged in child labor and whether they need support.

What is a CLMRS?



¹⁵ ILO (2005) [Guidelines for Developing Child Labor Monitoring Processes](#)sickling, HIV/AIDS, diarrhoea and various adolescent needs

¹⁶ [Child Labor Monitoring and Remediation Systems | ICI Cocoa Initiative](#)



Towards systems integration

Many companies in the sector, including Ferrero, strongly prefer to have their private systems integrated into government systems. Firstly, because it's important that both governments and companies perform their proper roles and responsibilities in line with the UN Guiding Principles on Business and Human Rights¹⁷. Second, strongly linked to that, working with and through government systems helps to avoid confusion over roles and enables increased efficiency as duplication of efforts, both between governments and industry and also between companies, could be significantly reduced. Third, when systems are integrated they can mutually reinforce each other which is important to ensure long-term sustainability, and this is in the best interest of children and their caregivers. Systems integration has therefore been identified as one of the key priorities in the new **Framework for Action on Child Labor**¹⁸ that was signed in November 2024 by the cocoa and chocolate industry, the Governments of Côte d'Ivoire and Ghana, and the United States Department of Labor. It's also a key element of the Alliance for Sustainable Cocoa¹⁹ that was launched in 2022 by the EU, Côte d'Ivoire, Ghana and industry.

Ferrero and Save the Children already started working on systems integration a few years ago as part of the Child Labor Guidelines project we launched. In close collaboration with the government of Côte d'Ivoire, particularly at local level, an integrated model to protect children has been developed. We started piloting this model over a year ago with several suppliers in the Haut-Sassandra region where we also implemented the holistic community development

program with Save the Children. This allowed us to build on the efforts already done under this project, particularly the revitalization of the Social Centers²⁰ in this region that are in charge of managing child protection cases, in coordination with key child protection (CP) actors.

How does the integrated child protection model work?

The integrated model promotes an individualized and tailored to need approach that is embedded in and contributes to strengthening the overall child protection prevention and response systems of the government and make them more-cost effective. It sets out the practical steps needed for Ferrero's supply chain partners to safely identify and refer any cases of child rights and child protection violations, including child labor, to the national child protection actors to follow-up on with their standardized case management approach in an appropriate, systemic and timely manner.

It's important to highlight that when cases have been referred to the Social Centres, our supply chain partners don't disengage but remain involved in potential remediation solutions at individual, household and/or community level, via coordination with established Child Protection Committees (CPC), and in participation in local child protection platforms and case management led by trained professionals. They also keep track of the case management progress. But the primary responsibility for the case management is with the social workers, no longer with them.

¹⁷ [UN Guiding Principles on Business and Human Rights](#)

¹⁸ [New Framework to accelerate actions to tackle child labor in cocoa in Côte d'Ivoire and Ghana](#)

¹⁹ EU (2022) [Alliance for Sustainable Cocoa](#)

²⁰ Social centers are run by the local authorities and offer various services, including assistance to vulnerable populations, promoting peace and social cohesion, and addressing social and economic issues.



INTEGRATED CHILD PROTECTION MODEL

CASE MANAGEMENT WORKFLOW

A child labour case is identified and the Child Protection Committee (CPC) refers her to the Social Centre. If the child belongs to a registered farmers' family, the case is notified to the Supply Chain Focal Point (SCFP).

1



2

The Social Worker visits the community to assess the case in collaboration with a member of the CPC and the SCFP.



The child doesn't have individual protection and can benefit from remediation activity by the SCFP in collaboration with the CPC: The SCFP and the CPC representative oversee remediation intervention.

4

The child has been assessed with individual protection needs: The social worker provides support to the child through referral to specialized services (health assistance).



3

The social worker drafts an individual case plan to address child needs together with key Child Protection (CP) actors and the SCFP.



5

The social worker ensures the follow up of the case plan in collaboration with the CPC.

The CPC ensures the follow up of the remediation activity in collaboration with the SCFP

Prevention/remediation activities: The SCFP identifies and agrees possible long term activities in collaboration with the community members.



6

After consultation with all key CP actors and SCFP the case is closed.





As our suppliers were not familiar with referral, they received trainings to identify simplified case management tools and procedures that were encompassed into an operational Ways of Working document. Since then, already several cases that suppliers identified in Haut-Sassandra region, have been referred by the suppliers to the Social Centers.



The cocoa farmers of our cooperative are now more attentive thanks to the interventions of officials (social centres and SOSTECI²¹), who also systematically offer specialised services and referral in addition to the remedial actions provided by our cooperative. By doing so we are strengthening our compliance with national standards and are also very keen to support any initiative to pool resources with public services



CLMRS manager at one of Ferrero's cooperatives participating to the Ferrero-Save the Children pilot

This year Ferrero and Save the Children continued the pilot and expanded the scope beyond Haut-Sassandra region which involved also more supplier.



Image: child labour awareness raising

²¹ [Système d'Observation et de Suivi du Travail des Enfants](#). SOSTECI is Côte d'Ivoire's national system for child protection. It's an early warning mechanism designed to prevent child labor, particularly in cocoa production areas. The system involves the establishment of Child Protection Committees in cocoa-growing communities and is under the responsibility of the Ministry of Women, Children, and Families.



CASE STUDY

COMMUNITY-BASED HEALTHCARE OUTREACH PILOT IN RURAL GHANA

In 2023, we launched a community-based healthcare outreach pilot in eight communities 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 NGO HospitaalBroeders. Also involved were our supplier Cargill and their implementing partner for social activities, CARE. 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.

Following the very positive results, we decided to extend the health outreach pilot for another year in the same eight communities¹⁴, which were visited again four times in monthly cycles over a period of nine months. The medical team often encountered challenges due to weather disruptions that made the dirt roads inaccessible, resource shortages and power outages which unfortunately is the reality in many parts of rural Ghana. But the team was agile and demonstrated flexibility in response to changing conditions.

Second year results

During the second year more than 6,000 children, young mothers, cocoa farmers and seniors went through the system of cyclic visits by the medical team. Because of the huge attendance, the hospital increased the personnel for

the general health screening. Also, medicine for the program was increased both in quantities and in types/varieties in order to cater for the added conditions and also the large numbers in attendance.

For some of the project pillars new activities were introduced in the second year:

General health screening and treatment

- Following observations from the medical team that there was a high prevalence of kidney diseases, the **Urine Dipstick test** was added. It tests the presence of protein and glucose in the urine and gives signs of kidney issues. When this occurs, patients are referred to the hospital for conclusive tests to be carried out.





Pregnancy school

- Normally scan service is not provided in any of the remote communities and pregnant women have to go far on motor bikes to access it. Because of the high illiteracy rate the women don't understand its importance, and don't go to the big towns for such services which leads to increased maternal and neonatal mortalities as complications are not detected on time. A **mobile ultrasound scan** was brought to the women to perform precise diagnoses, and appropriate interventions were made by midwives and physicians.

¹⁴ In total Ferrero has 41 communities with Cargill in the Sefwi-Anhwiaso-Bibiani district.



Image: general health screening

HEALTHCARE OUTREACH PROJECT PILLARS	EXECUTED ACTIVITIES	RESULT 2024 (# PEOPLE)	RESULT 2023 (# PEOPLE)
 General health screening and treatment	Health talks, eye consultation, malaria, typhoid fever, HIV/AIDS, hypertension, diabetes, obesity, nutritional counselling, worms infestation, physical examination	1,635	1,488
 Child welfare clinic	Registration of new babies, counseling, immunisation, physical examination, weighing, health education, family planning	794	780
 Pregnancy school & Home visits	Pregnancy school: birth preparedness and complication readiness plan, importance of support person, dietary counselling	268	270
	Home visits: care of the aged, health education, wound dressing, diabetes and hypertension management	517 (home visits) 1,003 (people served)	160 711
 School health & Adolescent corner	Hygiene education, menstrual hygiene, sex education, sexually transmitted infections education, oral care, adolescent needs	2,397	2,493
TOTAL PEOPLE REACHED		6,097	5,742



The health outreach pilot has increased accessibility to healthcare and improved the people's understanding of their health needs. The medical team was able to educate the communities on a healthy lifestyle and disease prevention. This has seriously increased the people's health risk awareness, and many started adopting healthy behaviours, (e.g. exercise, balance diet, regular medical checkup, the need to seek prompt medical help). This underscores the need for a dual focus on treatment and prevention through awareness campaigns and preventive measures.

The pilot will be continued for another year.



Image: eye consultation



Image: child welfare



PILLAR III: ENVIRONMENTAL PROTECTION

In partnership with our suppliers, 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 accelerate 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 monitor potential deforestation and ecosystem conversion in our supply chain.



Image: cocoa tree



Image: tree nursery



Image: cookstove

What steps have been taken in the 2023/24 season?

In 2023/24 Ferrero continued to achieve a high level of traceability from farm to first purchase point. We polygon mapped almost 216,000 farmers and covered 534,000 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 198,000 hectares of agroforestry, involving a total of 97,000 farmers.

More than 7,300 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 2023/24, over 100,000 non-cocoa trees were distributed for off-farm planting, helping to restore over 303 ha of forest area of which 298 ha in classified forests. When combined with multi-purpose trees for on-farm planting, in total Ferrero has distributed almost 1.46 million trees in 2023/24 alone and over 8.6 million trees including previous years.

To help mitigate deforestation and establish sustainable practices outside of cocoa farming, in 2023-24 Ferrero also distributed 800 clean cookstoves. We first started this in the 2019-20 season and since then we have distributed in total over 12,000 cookstoves.



For more details and case studies we invite you to read our latest **Cocoa and Forests 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 website²² and will publish a progress report on the implementation of our Cocoa Charter.

²² https://www.ferrero.com/int/sites/ferrero_int/files/2023-12/cocoa-supply-chain_fy2022.pdf

²³ See p.9 of the [Cocoa Charter](#) for the full list of Standards through which we source cocoa.

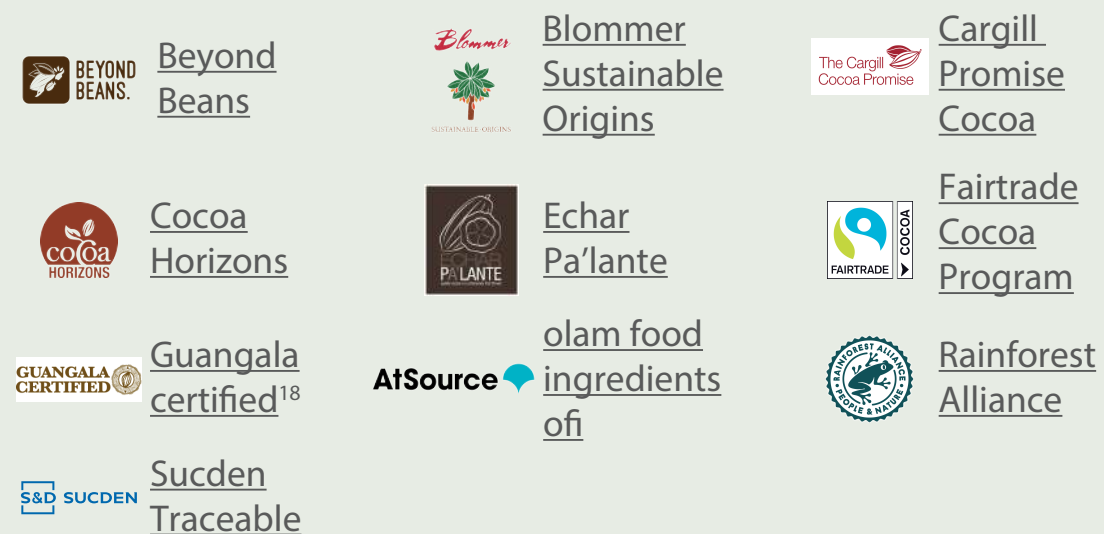
²⁴ These are farmer groups with whom Ferrero has a long-term relationship through its tier-1 suppliers.

What steps have been taken in 2023/24?

The total cocoa volume in 2023/24 was 208,000 metric tonnes (MT), of which 79% was cocoa beans sourced as physically traceable from farm to Ferrero plant and processed in- house. The remaining 21% 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 Fairtrade²³.

In 2023/24, we sourced 94% of our entire cocoa volume from Ferrero dedicated farmer groups²⁴. Of these some were added temporarily to overcome the unprecedented sourcing challenges during the 2023/24 crop due to the crop shortfalls in Côte d'Ivoire and Ghana. When considering only the farmer groups with whom we have established structural, long-term relationships through our tier-1 suppliers, 75% have been in our cocoa supply chain for three years or more, and 39% for six years or more. This is important as improving conditions takes time.

Standards used by Ferrero in 2023/24

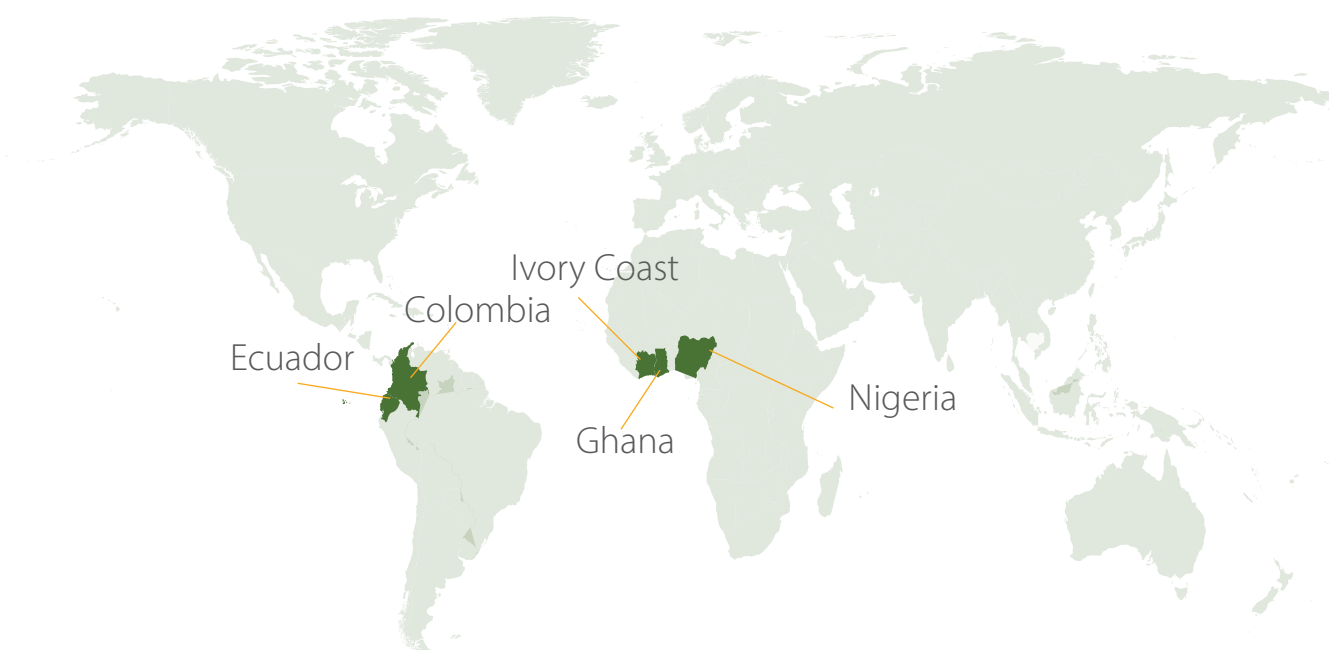




The traceability performance of our entire cocoa supply chain was as follows:

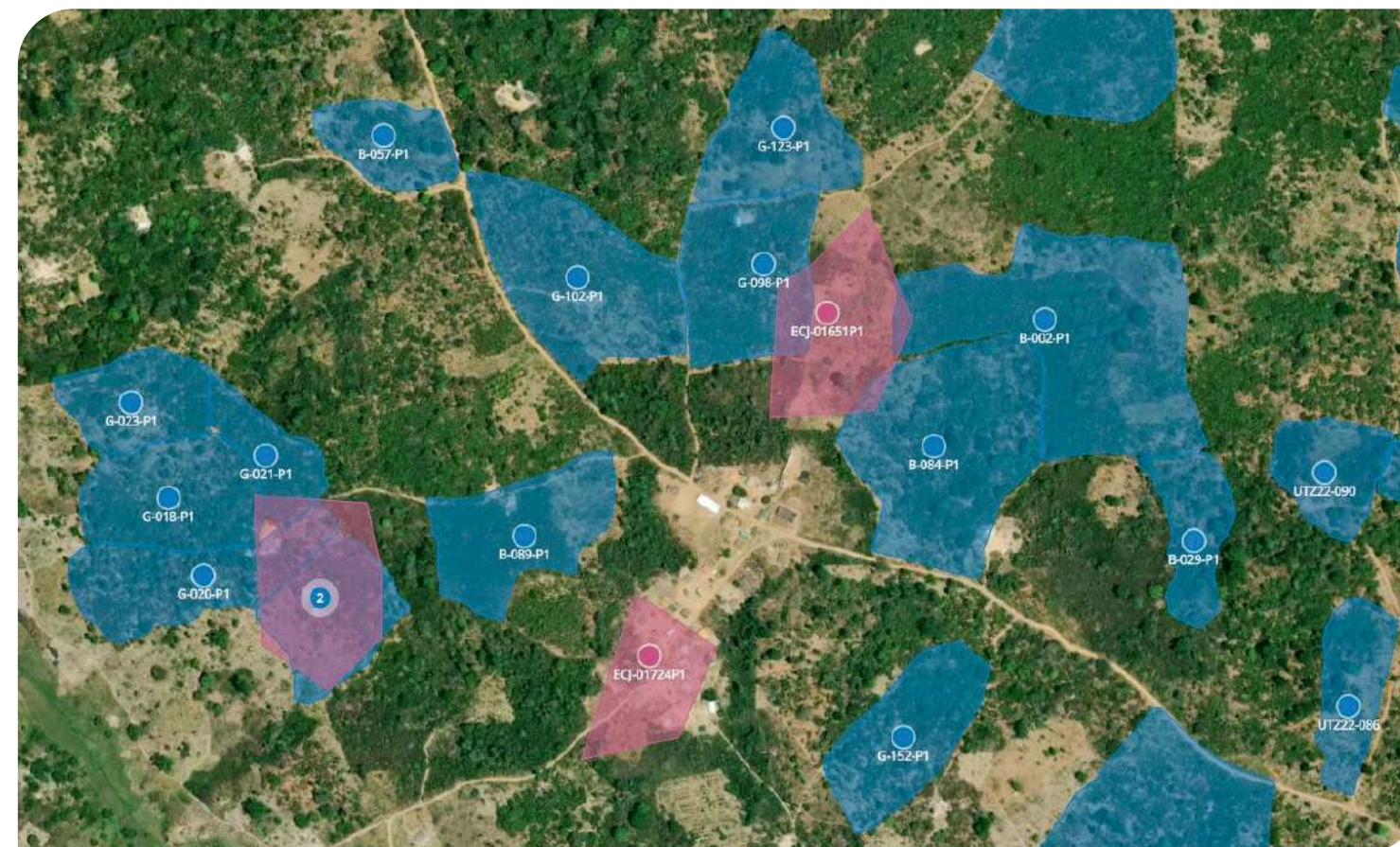
- 98.9% traceable to origin country
- 97.8% traceable to farmer group level²⁵
- 97.5% traceable to farm gate if minimum GPS waypoint available
- 97.4% traceable to farm gate if minimum requirement polygon-mapped²⁶

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.



²⁵ Including farmer groups that are not part of Ferrero's dedicated farmer groups.

²⁶ 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.

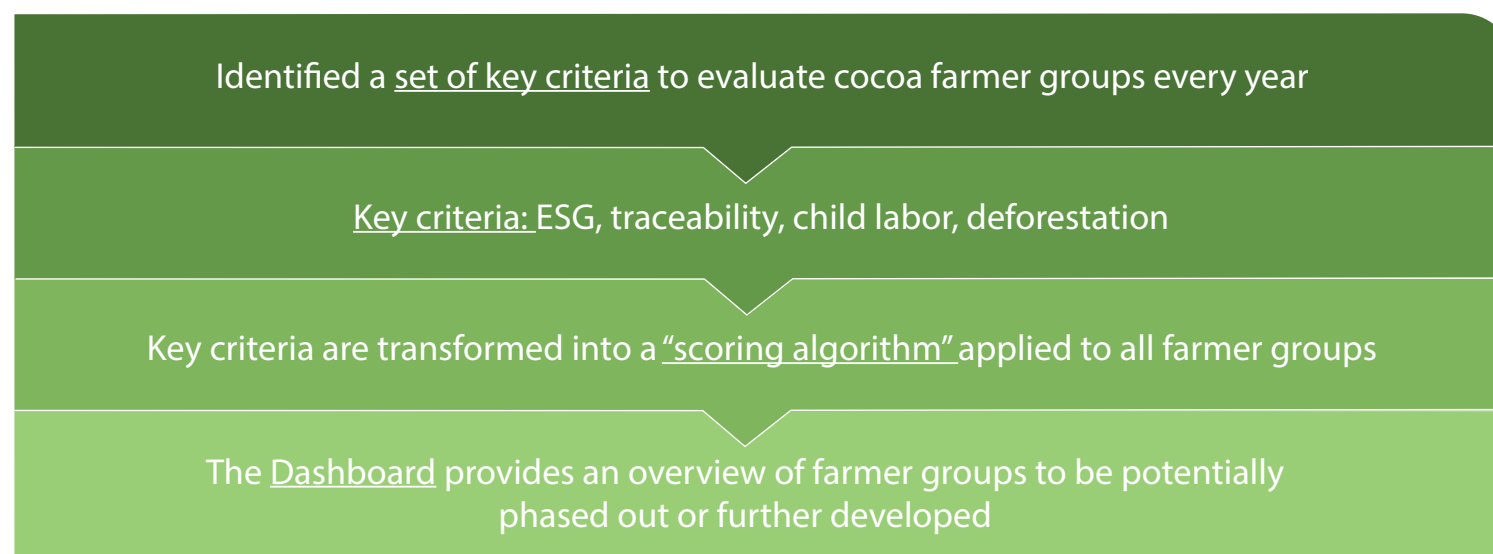


FARMER GROUP RISK ASSESSMENT

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



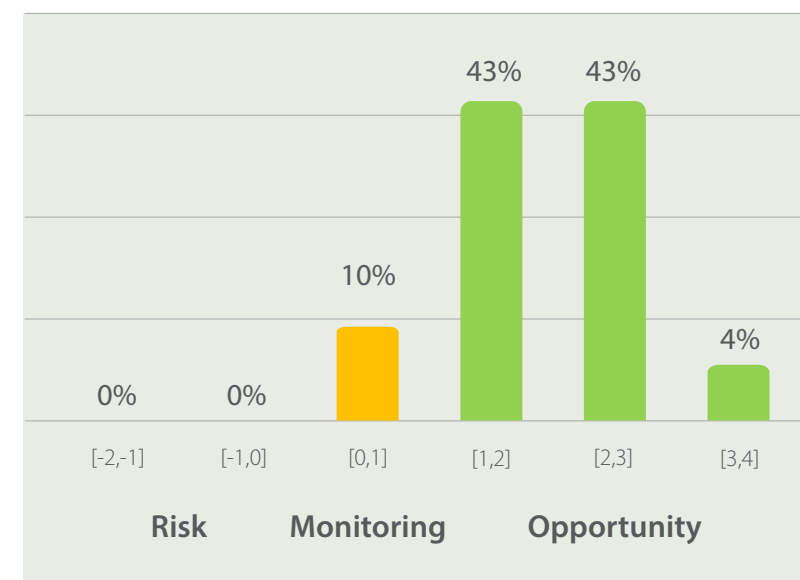
- Risk - to monitor closely, potentially phase out
- Monitoring - to be monitored/few elements of risk
- Opportunity - potential to do more

RESULT RISK ASSESSMENT 2023/2024

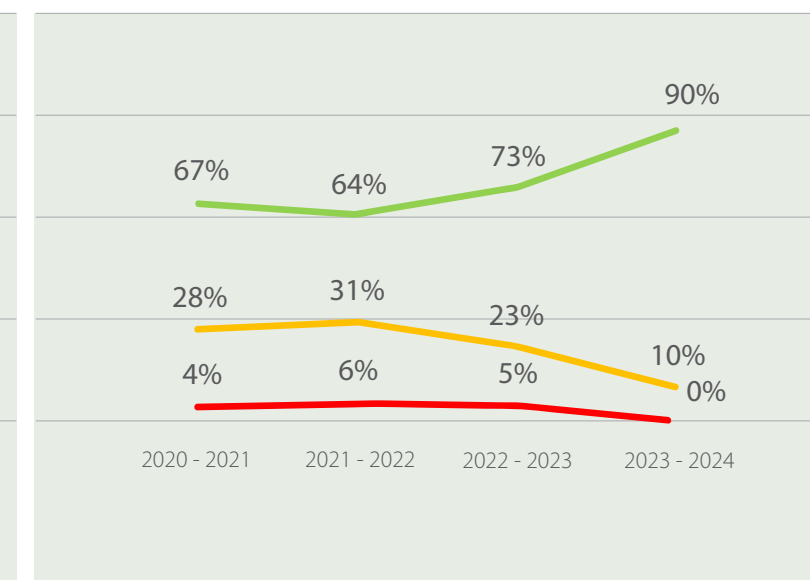
The results of the risk assessment of our cocoa farmer groups for 2023/2024 are very positive. From the total 232 farmer groups 0% of the farmer groups are identified this year as Risk. At the same time, the farmer groups in Opportunity have increased from 72% to 90%. The remaining farmer groups are in Monitoring which reduced from 23% to 10%.

As part of our commitment to continuous improvement we will continue to work closely with our Tier-1 suppliers to further improve the scoring of our farmer groups where possible.

Results 2023/24



Results since 2020/21





GLOSSARY

- ▶ **Child Labour Monitoring and Remediation System (CLMRS):** 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.
- ▶ **Income Generating Activities:** 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.
- ▶ **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.
- ▶ **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.