



**Cocoa &
Forests
Initiative**



**World Cocoa
Foundation**

***Ferrero Annual Progress Report on CFI Action Plan
- Côte d’Ivoire -***

CONTENT

Foreword.....1

Key Facts & Figures: Ferrero’s 2019 Progress on CFI Action Plan in Côte d’Ivoire 2

In Detail: Ferrero’s 2019 Progress on CFI Action Plan in Côte d’Ivoire 2

 Pillar 1: Forest Protection and Restoration Commitments 3

 Pillar 2: Sustainable Production and Farmers’ Livelihoods 3

 Pillar 3: Community Engagement and Social Inclusion 4

Looking forward to 2020 and Beyond 4

Detailed Tracking Table for Côte d’Ivoire..... 5

What is the Cocoa & Forests Initiative? 7

What are the Key Commitments in the Cocoa & Forests Initiative?..... 8

1. FOREWORD

“With the Cocoa & Forest Initiative we are bringing meaningful and lasting change into the cocoa sector. As Ferrero, we are very proud to contribute to this collective initiative and it is in line with our commitments and values as a family company. Moving forward, Ferrero will continue working to strengthen its cocoa sustainability program with a positive and lasting impact on the cocoa value chain”

Marco Gonçalves, Chief Procurement & Hazelnut Company Officer at Ferrero.

2. KEY FACTS & FIGURES: FERRERO'S 2019 PROGRESS ON CFI ACTION PLAN IN CÔTE D'IVOIRE

Ferrero is on track to reach strong 2022 goals

- For over 20% of our CFI indicators we are already close to reaching or have exceeded our defined targets for 2022
- Our long-term and trusted partnerships with suppliers enabled swift and successful implementation
- Ferrero will update the 2022 targets where needed to continue delivering on ambitious goals

Cornerstone achievements: In 2019, we significantly progressed in our approach to sourcing certified, mapped and traceable cocoa. Looking forward:

- By the end of 2020, all the cocoa in our supply chain will come from sustainable sources and we aim to have all farmers supplying us with cocoa beans polygon mapped
- By the end of 2020, we aim to have all our cocoa beans from Côte d'Ivoire physically traceable/segregated
- This enables us to not buy any cocoa beans from protected areas

Pillar 1: Forest protection and restoration by end of 2019 – Ferrero made strong progress, especially in farm mapping and the development of agroforestry

- Nearly 65,000 farms of our farms were mapped in Côte d'Ivoire
- We distributed about 390,000 multi-purpose trees to farmers to plant on their farms
- More than 8,800 hectares of cocoa agroforestry were developed
- We conducted deforestation risk assessments on more than 50,000 hectares
- Close to 30,000 farmers participated in environmental awareness events on the new forest code

Pillar 2: Sustainable production and livelihoods by end of 2019 – Strong roll-out of promotion of GAP, crop diversification and farmer savings

- We trained 46,000 farmers and organizations in Good Agricultural Practices
- 4,700 farmers in our supply chain benefitted from a savings account
- Close to 22,000 farmers applied crop diversification
- More than 4,600 farmers participated in VSLA groups

Pillar 3: Social and community engagement and social inclusion by end of 2019 – Gender and youth sensitive action plans were implemented successfully

- 103 communities were consulted on the implementation of the Frameworks for Action
- 292 communities benefitted from gender or youth-focused programs on forest protection and restoration and agricultural intensification

3. IN DETAIL: FERRERO'S 2019 PROGRESS ON CFI ACTION PLAN IN CÔTE D'IVOIRE

Ferrero recognizes that deforestation and forest degradation are critical issues of the global cocoa supply chain. Deforestation threatens to undermine the very resilience of the cocoa sector itself and with it the livelihoods of the millions of smallholders who depend on it. Ferrero is one

of the founding members of the Cocoa and Forest Initiative and is committed to contribute to ensuring no-deforestation in the cocoa sector as well as to implementing key principles and strategies to promote socially and environmentally sustainable cocoa production.

Ferrero is working to improve cocoa farmer livelihoods, protect children's rights and safeguard natural capital through the Ferrero Farming Values (FFV) Cocoa Program - the baseline of our program being 100% certified, mapped and traceable cocoa. Ferrero's goals and policies are aligned with the CFI goals, which Ferrero signed in 2017. [Ferrero's Action Plan](#), published in March 2019, was developed in close collaboration with Ferrero suppliers and partners to fulfil CFI commitments to end deforestation and forest degradation as well as to create better lives for farmers and their communities in the cocoa sectors beginning in Côte d'Ivoire and Ghana.

Our first CFI progress report shows promising results for actions being implemented in our supply chain in Côte d'Ivoire. We are on track to reach our goals and for over 20% of our CFI indicators we are already close to reaching or have exceeded our defined targets for 2022. Our long-term and trusted partnerships with suppliers enabled the swift and successful implementation of the following key activities.

Our results are promising, but we also acknowledge that this is a continuous learning process. Together with our suppliers, we want to continuously improve and review how we can best address the challenges and best deliver on our commitments.

Pillar 1: Forest Protection and Restoration Commitments

Besides sourcing certified as sustainable cocoa, the mapping of our cocoa supply chain as well as the traceability to farm-gate level are cornerstones of our approach to end deforestation. This allows us to ensure that our cocoa does not come from protected areas. Our 2019 progress report shows that we are on track to reach our goal of sourcing certified, GPS mapped and traceable cocoa beans to farm level by the end of 2020.

Additional activities in 2019 included the promotion of good agricultural and environmental practices, training farmers in agroforestry systems, reforestation and afforestation. Ferrero showed strong results in the development in agroforestry: In total in 2019, about 390,000 multi-purpose trees were distributed. These activities led to around 8,800 hectares of cocoa agroforestry developed. Also, we were able to exceed the target we set for the first year of implementation of our CFI commitments in the following area: Overall 30,000 farmers participated in environmental awareness events in 2019 against a target of 40,000 by 2022.

Pillar 2: Sustainable Production and Farmers' Livelihoods

Ferrero's sustainability program aims to improve farmer livelihoods by helping them to produce more cocoa with less inputs, to increase their profitability in the long-term and support in diversifying their income. Our program also addresses the communities in which farmers operate. An essential goal of Ferrero's sustainability strategy is to work towards building strong and resilient farmer communities. As a company, we strive to support farmers to become entrepreneurs and have a thriving business to enable the farmers of the future.

Supporting farmers to improve their farming practices through trainings in agricultural practices and the distribution of inputs such as seedlings are important measures. They help farmers to grow more with less, to rehabilitate their farms, but they also promote biodiversity. In Côte d'Ivoire, we trained almost 46,000 farmers in Good Agricultural Practices in 2019, against a final target of 48,000 for 2022. In addition, we invested in long-term solutions by

enabling farmers access to finance and setting up VSLAs. In 2019, over 4,600 farmers participated in VSLA groups against a target of 10,000 by 2022.

Ferrero is implementing income diversification projects, which include replacing degraded cocoa farms by agroforestry systems or planting non-cocoa seedlings such as firewood species, fruit trees and plantain during the phase in which cocoa is replanted. In 2019, we enabled 22,000 farmers to apply crop diversification against a target of 29,000 by 2022.

An example of Ferrero's activities to improve the livelihoods of farmers and their communities is the farmer cooperative union ECOOKIM in Côte d'Ivoire, from which we source certified cocoa. This farmer cooperative union has over the years become resilient and farmers, having developed an entrepreneurial spirit, have become the drivers behind sustainability on the ground. The community decides together how to invest the Ferrero premium according to their own priorities.

Pillar 3: Community Engagement and Social Inclusion

Ferrero is also focused on the development of forest protection & restoration and agriculture intensification action plans that are gender and youth sensitive. Gender-focused programs include establishing women's associations in cocoa communities, encouraging and training women to take on decision-making positions, as well as conducting gender awareness. In 2019, 292 communities benefited from gender or youth-focused programs on forest protection and restoration and agricultural intensification. Furthermore, gender-focused projects include programs where women receive training in income-generating activities. An example is the establishment of a forest tree nursery, which will act as an income generating activity for women and a reforestation project.

Also, Ferrero is continuing its efforts to address child protection issues by raising awareness within communities on the risks of child labour, helping to set-up community-based structures to identify and monitor potential cases of child labour and developing community activities that support women income to support a better environment for children and facilitate access to education.

4. LOOKING FORWARD TO 2020 AND BEYOND

Since 2018, signatory companies have been working to fulfill their commitments to end deforestation and restore degraded forests in the cocoa sector. In 2019, the governments of Côte d'Ivoire and Ghana delivered on numerous commitments which have informed company planning. Companies will now be able to further develop their activities, moving from planning to implementation. As the governments continue to provide critical information (e.g. socio-economic assessments, updated land-use maps, operational decrees for implementation of the new forest code), companies will continue to ramp up their delivery of CFI activities in alignment with government priorities. This will include identifying opportunities for landscape level collective action, as well as building partnerships with global development partners to drive forest positive impact on the ground.

In the course of 2020, Ferrero will achieve its commitment of sourcing 100% certified as sustainable cocoa and we aim to have all farmers in its supply chain polygon mapped. Also, by the end of 2020, cocoa beans from Côte d'Ivoire will be physically traceable.

Ferrero will update the current 2022 CFI targets where needed to continue delivering on ambitious goals with concrete, reliable and lasting measures as for some of our CFI indicators we have already reached/exceeded the final target.

As Ferrero’s activities centre on investing in the long-term productivity of high-quality cocoa in an environmentally sustainable manner, we will focus more and more going forward on creating farm development plans. The project will involve identifying priority regions for interventions to mitigate micro-climate change as well as providing high resolution maps to measure farm parameters, soil conditions, cocoa tree conditions, and environmental conditions. Farm development plans will also provide farmers with individual technical and financial support.

Looking beyond 2020, Ferrero is currently working to strengthen its cocoa sustainability strategy and finalize goals in the following areas: improving farmer and community livelihoods, protect and respect children’s rights and safeguard natural capital - the baseline being 100% certified, mapped and traceable cocoa. Activities include working to scale up our programs on the ground in collaboration with our suppliers and NGOs.

We will continue to work closely with our suppliers, the industry and governments to make sure that together we are creating the impact we are striving for.

5. DETAILED TRACKING TABLE / CÔTE D’IVOIRE

Commitment	Actions	Indicator	2022 Target	# through direct investment in 2019
Forest Protection and Restoration				
1. No further conversion of any forest land (as defined under national regulations, and using HCS and HCV methodologies) for cocoa production.	1.1 Conduct farm mapping within direct supply chain to identify and collect cocoa farm boundaries to ensure cocoa is not being sourced from forest lands, National Parks and Reserves, and Classified Forests	# farms mapped	60,608	64,214
	1.2 Conduct deforestation risk assessments in all direct sourcing areas	# ha included in deforestation risk assessment	112,351	53,027
2. Elimination of cocoa production and sourcing in National Parks and Reserves in line with promulgation and enforcement of national forest policy and development of alternative livelihoods for affected farmers	2.1 Adopt and publish a system for excluding farmers in the direct supply chain with cocoa production in protected areas	Yes/No	Yes	
	2.2 All farms found in National Parks and Reserves reported to government	% farms in Natl Parks & Reserves reported to government	TBD	
	2.3 Support cocoa farmers' transition to alternative livelihoods	# of total farmers in protected areas receiving assistance for alternative livelihoods	TBD	
3. No sourcing of cocoa from National Parks and Reserves through companies' traceable direct sourcing programs .	3.1 Implement traceability tools/technology to ensure no cocoa purchases originate from National Parks or Reserves (all forest areas)	% of direct sourced cocoa is traceable to farm-level	100%	
4. A differentiated approach based on the level of degradation of forests for classified Forests will be	4.1 Support the restoration of Classified Forests by working with cocoa farmers, the government and the forestry industry to implement	# farmer 'agroforestry restoration' contracts signed	Originally TBD; 2022 target will be set in update	930

developed and translated into a national forest restoration strategy	contracts for mixed agroforestry as a restoration and livelihoods intervention		<i>CFI action plan</i>	
		<i># hectares restored in Classified Forests</i>	TBD	
5. Legal protection and management status for the remaining forests of Côte d'Ivoire in the Rural Domain	5.1 Cooperate with the government on enforcement to prevent deforestation in the legally protected forest estate (rural domain)	<i># hectares of forest in rural domain protected:</i>	102	
6. Up-to-date maps on forest cover and land-use for the different forests, and socio-economic data on cocoa farmers developed and publicly disclosed, and detailed operational guidelines prepared	6.1 Support the government's forthcoming adaptive management plans for different forest areas to benefit the livelihoods of forest-dependent cocoa communities	Yes/No	Yes	
	6.2 Participate in the development and operation of land-use and land-use planning at national and regional levels by sharing existing land use maps with government	Yes/No	Yes	
7. Public enforcement of the new Forest Code and its subsequent guidelines, and public sector governance will be strengthened	7.1 Promote and participate in awareness-raising campaigns to educate farmers on the new Forest Code	<i># farmers reached at awareness events</i>	39,073	29,391
	7.2 Update farmer engagement materials and training with the revised Forest Code	Yes/No	Yes	
8. Public-private collaboration to mobilize resources for forest protection and restoration	8.1 Mobilize finance for forest protection and restoration	<i>\$ mobilized towards forest protection and restoration:</i>	TBD	
		<i># hectares with forest protection and restoration financing</i>	5,000	1,840
		<i># farmers participating in PES contracts</i>	5,053	
9. Public-private collaboration to identify good practices, technical guidance and incentive mechanisms for forest restoration and agroforestry	9.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	<i># multi-purpose trees distributed for on-farm planting</i>	2,393,342	388,210
		<i># hectares cocoa agroforestry developed</i>	34,686	8,808
	9.2 Support distribution and planting of native trees for off-farm restoration (reforestation)	<i># native trees planted off-farm</i>	732,100	4,691
		<i># ha of forest area restored</i>	108	2
10. Government creation, in collaboration with all stakeholders, of a public-private fund to support financing of protection and restoration of HCV forest areas.	10.1 Support the creation of the public-private forest conservation and rehabilitation fund	<i>\$ contributed to fund</i>	TBD	
Sustainable Production and Farmers' Livelihoods				
11. Promote investment in long-term productivity of cocoa in environmentally suitable areas in order to grow "more cocoa on less land"	11.1 Distribute improved cocoa planting material	<i># improved seedlings distributed to farmers</i>	TBD	
	11.2 Establish and/or provide cocoa nurseries with improved cocoa planting material	<i># of nurseries with improved cocoa seedlings</i>	TBD	
	11.3 Train farmers in Good Agriculture Practices (GAPs)	<i># of farmers trained in GAPs</i>	48,114	45,898
	11.4 Support cocoa farm rehabilitation	<i># of hectares of cocoa rehabilitated</i>	TBD	

12. Promote sustainable livelihoods and income diversification for cocoa farmers	12.1 Promote farm-level crop diversification	# farmers applying crop diversification	29,006	21,783
	12.2 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# multi-purpose trees distributed for on-farm planting	Already reported 9.1	
13. Promote financial inclusion and innovation to deepen farmers' access to working capital and investment funds for production and farm renovation	13.1 Promote farmer savings	# farmers in supply chain with a savings account	10,026	4,728
		# farmers participating in VSLA groups	3,000	4,645
	13.2 Offer financial products to farmers	# farmers offered a financial product	10,440	3,564
14. Improve supply chain mapping, with the goal of 100% of cocoa sourcing traceable from farm to first purchase point. An action plan will be developed for traceability, which will be implemented step-by-step to achieve full traceability and verification, applicable to all by end-2019.	14.1 Conduct farm mapping within direct supply chain to identify and collect cocoa farm boundaries to ensure cocoa is not being sourced from forest lands, National Parks and Reserves, and Classified Forests	# farms mapped within direct supply chain	Already reported 1.1	
	14.2 Implement traceability system to farm level in direct supply chain	% of direct sourced cocoa traceable from individual farms to first purchase point	Already reported 3.1	
Social Inclusion and Community Engagement				
15. Full and effective information sharing, consultation, and informed participation of cocoa farmers and their communities who are affected by proposed land-use changes.	15.1 Organize cocoa community consultations on the implementation of the Frameworks for Action	# communities with consultation sessions	275	103
16. Promote community-based management models for forest protection and restoration	16.1 Establish and/or support community-based natural resource management programs for forest restoration/protection	# of cocoa communities with active forest restoration and protection program	140	63
		# hectares under CBNRM	154	5
17. Development of action plans for forest protection and restoration, and sustainable agricultural intensification that are gender and youth sensitive.	17.1 Develop forest protection & restoration and agriculture intensification action plans that are gender and youth sensitive	# cocoa communities with gender-focused programs	134	202
		# cocoa communities with youth-focused programs	89	90

6. WHAT IS THE COCOA & FORESTS INITIATIVE?

The Governments of Côte d'Ivoire and Ghana and the world's leading cocoa and chocolate companies [signed landmark agreements](#) in November 2017 to end deforestation and promote forest restoration and protection in the cocoa supply chain.

This public-private partnership – called the [Cocoa & Forests Initiative \(CFI\)](#) – has been organized by the World Cocoa Foundation (WCF), IDH - the Sustainable Trade Initiative, and The Prince of Wales's International Sustainability Unit (ISU), in partnership with the Governments of Côte d'Ivoire and Ghana. The Prince of Wales [launched CFI](#) in March 2017 and reviewed implementation progress in November 2018.

The Frameworks for Action for [Côte d’Ivoire](#) and [Ghana](#) define core commitments, verifiable actions, and timebound targets required for a deforestation-free and forest-positive supply chain.

The Governments of Côte d’Ivoire and Ghana establish national strategies, policy environments, and governance structures for CFI implementation. They ensure that CFI is linked to similar initiatives with other commodities, and fully aligned with the national REDD+ strategies and other relevant national strategies and plans. They provide key operational guidance, and baseline economic, environmental, and social data, to help companies identify and plan the most effective and efficient private investment activities for CFI.

The Governments have prepared comprehensive National Implementation Plans ([Côte d’Ivoire](#), [Ghana](#)) that outline public sector priorities, actions and timelines. Since 2017, both governments have fulfilled commitments on the key building blocks for successful CFI implementation, including important revisions to the legal framework for sustainable forest management, adoption of World Bank environmental and social safeguard standards, and preparation and sharing of up-to-date boundary maps of protected areas.

In March 2019, 34 CFI signatory companies¹, accounting for about 85% of global cocoa usage, released initial action plans for 2018-2022. These initial plans detail how the private sector will deliver the commitments spelled out in the Frameworks for Action. Each company explained how they will support the Framework objectives, based on their role in the supply chain, their strategic priorities, and their cocoa sustainability goals. WCF published a summary of the initial action plans for the cocoa and chocolate industry ([Côte d’Ivoire](#), [Ghana](#)).

On the 2020 International Day of Forests, the Cocoa & Forests Initiative companies and governments of Côte d’Ivoire and Ghana reported on the first year of implementation (link- CdI & GH will be shared prior to publication). Companies published individual reports on progress and outcomes related to the implementation of their specific actions. The following is the aggregate annual report of company actions.

CFI has been supported by several global development partners, including the United Kingdom’s Department for International Development, the Dutch Ministry of Foreign Affairs, the German Federal Ministry of Economic Cooperation and Development, the World Bank, the International Finance Corporation, the Global Environment Facility, and the Green Commodities Program of the United Nations Development Program.

CFI is coordinated closely with a wide range of global and local environmental organizations and partnerships, including the Tropical Forest Alliance, Amsterdam Declaration Partnership, Partnerships for Forests, the Rainforest Alliance, and World Resources Institute.

The industry is committed to ending deforestation and forest degradation throughout the global supply chain. Already in 2018, we have expanded CFI from West Africa to Latin America, with the signing of a new Framework of Action in Colombia in July 2018.

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

¹ Arysta Callivoire, Barry Callebaut, Blommer Chocolate Company, Cargill Cocoa and Chocolate, Cémoi, Chocolats Halba, Cocoanect, Cococo Chocolatiers, ECOM Group, Fazer, Ferrero, General Mills Inc., Godiva Chocolatier Inc., Guittard Chocolate Company, The Hershey Company, Indcresa, Kuapa Kokoo Lindt & Sprüngli Group, Marks & Spencer Food, Mars Wrigley Confectionery, Meiji Co. Ltd., Mondelez International, Nestlé, Olam Cocoa, PBC Limited, Sainsbury’s, SIAT, Sucden, Tesco, Toms Group, Touton, Unilever, Valrhona, and J.H. Whittaker & Sons

Cocoa & Forests Initiative activities proceed from three priorities: (1) forest protection and restoration, (2) sustainable production and farmers' livelihoods, and (3) community engagement and social inclusion.

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

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

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

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

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

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

The set of public-private actions represent unprecedented commitments on forest protection and restoration, and sustainable cocoa production and farmer livelihoods. These combined

actions, which are aligned with the Paris Climate Agreement, will play a crucial role in sequestering carbon stocks and thereby addressing global and local climate change.