

**Cocoa & Forests Initiative: Ferrero's Action Plan
to end deforestation and restore forest areas in the cocoa supply chain**
(Please proceed to Part III to read about Ferrero's commitments)

I. WHAT IS THE COCOA & FORESTS INITIATIVE (CFI)?

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 new 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). The Prince of Wales [launched CFI](#) in March 2017 in London.

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 play a critical leadership role in establishing the national strategy, enabling policy environment, and governance structure for CFI implementation. They ensure that CFI is linked to similar initiatives with other commodities, and fully aligned with the national REDD+ Strategy 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 key public sector priorities, actions and timelines, following extensive consultation with all stakeholders. During the first year of CFI, the Governments have launched work on the key building blocks for successful CFI implementation, including important revisions to the legal framework for sustainable forest management, preparation of up-to-date boundary maps of protected areas, and collection of socio-economic and land use data for the priority investment areas.

Thirty-three companies¹, accounting for about 85% of global cocoa usage, have now joined CFI. Each company has agreed to prepare a detailed individual action plan that spells out the specific actions it will

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

take in 2018-2022 to deliver the commitments set out in the Framework. Each company will decide for itself how to best support the achievement of the Framework objectives, based on their role in the supply chain, their corporate strategic priorities, and their cocoa sustainability goals.

Almost all companies have now completed initial action plans. These initial plans will be updated and finalized in 2019 after the governments have completed the ongoing legal and operational policy changes, the mapping of protected areas, baseline data collection, and other building blocks needed for full investment programming.²

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 2020, Amsterdam Declaration Partnership, Partnerships for Forests, the Rainforest Alliance, and World Resources Institute.

II. WHAT ARE THE KEY COMMITMENTS IN CFI?

The Frameworks are structured around three critical themes of (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. Up-to-date maps on forest cover and land-use, socio-economic data on cocoa farmers, and detailed operational guidelines covering forest management and land-use are being developed and will be publicly disclosed.

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.

² The actions pending further information are marked "to be determined" in the initial company action plans

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 have agreed to accelerate 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 will be accelerated through food crop diversification, agricultural inter-cropping, and development of mixed agro-forestry 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 will assess and mitigate 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.

III. FERRERO’S OVERALL VISION FOR THE COCOA & FORESTS INITIATIVE

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 committed to** working on the challenges to end deforestation in the cocoa sector, as well as to implementing key principles and strategies that underpin socially and environmentally sustainable cocoa production.

As part of its Corporate Social Responsibility strategy, Ferrero continues to engage in certification programs, institutional engagement, projects and partnerships, with the aim to safeguard the future of the cocoa sector, supporting and improving cocoa farming sustainability. Ferrero has signed multiple agreements that focus on collective action to end deforestation and to safeguard natural capital. For example, **Ferrero signed** the New York Declaration on Forests by the United Nations and endorsed the HCS Approach (HCSA), a methodology enabling companies to understand forest areas to be protected for their high carbon and biodiversity values. Furthermore, at the UN Climate Change Conference (COP23) in Bonn on 16th November 2017, the Ferrero Group committed to the Frameworks For Action alongside other chocolate and cocoa companies, with the aim to improve forest protection and restoration, sustainable cocoa production and farmer livelihoods.

Further actions taken by Ferrero to end deforestation include its activities to achieve **100% of** mapping and tracing **of its cocoa supply chain to farm-gate level**. This allows us to identify areas of intervention such as reforestation and the distribution of local shadow trees. Moreover, **Ferrero welcomes** the assessment and input by third parties, such as Mighty Earth, which will support Ferrero in achieving its goals, in line with both its internal policies and the Cocoa and Forests Initiative.

Therefore, Ferrero's goals and policies are aligned with the CFI goals to develop an actionable suite of measures to end deforestation and forest degradation. These include investments in more sustainable forms of landscape management and more active partnerships to protect and restore forests in the cocoa landscape.

IV. OVERVIEW OF COMPANY ACTION PLAN

Ferrero's Action Plan was developed in collaboration with Ferrero suppliers 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 Cote d'Ivoire and Ghana.

For this, three focus areas have been defined by the Cocoa & Forests Initiative: forests protection and restoration; sustainable cocoa production and farmers' livelihoods; and community engagement and social inclusion.

Key measures of the Ferrero Action Plan will range from continuing to foster the traceability and mapping of all supplying farms, to training farmers in good agricultural practices, as well as supporting the distribution and planting of multi-purpose trees. For a detailed list of activities in both Côte d'Ivoire and Ghana, please see part VI.

Such activities form an integral part of Ferrero's strategy to continue to address in a systemic way the challenges in the cocoa sector.

Ferrero intends to update its action plan as the Ivorian and Ghanaian governments will provide further reports and studies such as boundary maps for protected forests and updated operational guidance about land-use in degraded forest areas.

Ferrero has been actively involved in the discussions led by the World Cocoa Foundation and IDH and the governments of Côte d'Ivoire and Ghana through participation in national and sectorial working groups.

V. PRIMARY ACTIVITIES AND INVESTMENTS

Pillar 1: Forest Protection and Restoration Commitments

Ferrero will continue to conduct farm mapping within its supply chain to ensure cocoa is not being sourced from forestland. Ferrero is committed to mapping cocoa farms, collecting data on its location in relation to classified forests, the location of farmer's households and farm size management. Furthermore, working with suppliers Ferrero will ensure that all cocoa beans sourced by suppliers are traceable. Achieving 100% traceability and mapping is a major milestone, since it is only when this has been achieved that further actions can be taken.

Additional activities include promoting good environmental practices, training farmers in agroforestry systems, reforestation and afforestation. Moreover, Ferrero is involved in tree registration activities and the distribution of multipurpose trees for on-farm restoration via mixed agroforestry.

Pillar 2: Sustainable Production and Livelihoods Commitments (to Joint Actions)

The above-mentioned mapping of farmers allows a segmented farmer approach to offer tailored support to improve productivity while using less land through targeted farm development plans, training and other inputs.

Ferrero is committed to promoting sustainable livelihoods and income diversification for cocoa farmers, including diversification, agricultural inter-cropping, development of shade-grown cocoa, and other income generating activities designed to boost and diversify household income. Ferrero is engaged in income diversification projects that aim to replace degraded cocoa farms by agroforestry systems and applies intercropping during the replanting phase (e.g. providing non-cocoa seedlings such as firewood species, fruit trees and plantain). For example, income diversification projects include establishing vegetable greenhouses, which have additional benefits such as improved nutrition and youth vocational training and professional integration. Moreover, other examples of promoting sustainable livelihoods and income diversification include promoting the use and registration of shade trees.

Ferrero's activities also centre on investing in the long-term productivity of high-quality cocoa in an environmentally sustainable manner. For example, using innovative services to create 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. In addition, amongst other activities, Ferrero will continue to work with suppliers to conduct GAP training, which will highlight proper harvest and post-harvest practices.

Pillar 3: Community Engagement and Social Inclusion Commitments

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/training women to take on decision-making positions, as well as conducting gender awareness. Furthermore, gender-focused projects include programs where women receive training in income-generating activities. For example,

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.

VI. DETAILED ACTION PLANS COTE D'IVOIRE AND GHANA

Summary Table of Company Initial Action Plans for Côte d'Ivoire

Commitment	Actions	To be delivered by 2022
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
	1.2 Conduct deforestation risk assessments in all direct sourcing areas	# ha included in deforestation risk assessment: 112,351
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
	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 developed and translated into a national forest restoration strategy	4.1 Support the restoration of Classified Forests by working with cocoa farmers, the government and the forestry industry to implement contracts for mixed agroforestry as a restoration and livelihoods intervention	# farmer 'agroforestry restoration' contracts signed: TBD
		# hectares restored in Classified Forests: 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)	# hectares of forest in rural domain protected: 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	6.1 Support the government's forthcoming adaptive management plans for different forest areas to benefit the livelihoods of forest-dependent cocoa communities	Yes

disclosed, and detailed operational guidelines prepared	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
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	# farmers reached at awareness events: 39,073
	7.2 Update farmer engagement materials and training with the revised Forest Code	Yes
8. Public-private collaboration to mobilize resources for forest protection and restoration	8.1 Mobilize finance for forest protection and restoration	\$ mobilized towards forest protection and restoration: TBD
		# hectares with forest protection and restoration financing: 5,000 # farmers participating in PES contracts: 5,053
9. Public-private collaboration to identify good practices, technical guidance and incentive mechanisms for forest restoration and agro-forestry	9.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# multi-purpose trees distributed for on-farm planting: 2,393,342 # hectares cocoa agroforestry developed: 34,686
	9.2 Support distribution and planting of native trees for off-farm restoration (reforestation)	# native trees planted off-farm: 732,100 # ha of forest area restored: 108
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	\$ contributed to fund: 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	# improved seedlings distributed to farmers: TBD
	11.2 Establish and/or provide cocoa nurseries with improved cocoa planting material	# of nurseries with improved cocoa seedlings: TBD
	11.3 Train farmers in Good Agriculture Practices (GAPs)	# of farmers trained in GAPs: 48,114
	11.4 Support cocoa farm rehabilitation	# of hectares of cocoa rehabilitated: TBD
12. Promote sustainable livelihoods and income diversification for cocoa farmers	12.1 Promote farm-level crop diversification	# farmers applying crop diversification: 29,006
	12.2 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# multi-purpose trees distributed for on-farm planting: 2,393,342
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 # farmers participating in VSLA groups: 3,000
	13.2 Offer financial products to farmers	# farmers offered a financial product: 10,440
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: 60,608
	14.2 Implement traceability system to farm level in direct supply chain	% of direct sourced cocoa traceable from individual farms to first purchase point: 100%
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
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 # hectares under CBNRM: 154
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 # cocoa communities with youth-focused programs: 89

TBD = To Be Determined, following additional inputs from Government

Summary Table of Company Initial Action Plans for Ghana

Commitments	Actions	To be delivered by 2022
Forest Protection and Restoration		
1. No further conversion of any forest land (as defined under national regulations, and using HCS and HCV methodologies) for cocoa production	1.1 Conduct farm mapping within supply chain to ensure cocoa is not being sourced from forest land	# farms mapped: 40,264
	1.2 Conduct deforestation risk assessments in all sourcing areas	# hectares included in risk assessment: 27,295
2. No production and sourcing of cocoa from National Parks, Wildlife Sanctuaries, and Wildlife Resource Reserves, except from farms with existing legal status	2.1 All farms found in protected areas will be reported to the Government	TBD
	2.2 Adopt and publish a system for excluding farmers in the supply chain with cocoa production in protected areas	Yes
3. A differentiated approach for Forest Reserves will be adopted, based on level of degradation; with elimination of sourcing of cocoa in less degraded reserves (Cat.1) as of 31 December 2019; and production and sourcing for a period up to 25 years through MTS in more degraded reserves (Cat. 2)	3.1 End sourcing from all farms identified within Category 1 Forest Reserve areas by 31 December 2019	TBD
	3.2 Support farmers in Category 2 Forest Reserve areas in their restoration and reforestation programs	# hectares of Category 2 Forest Reserve areas restored: TBD
4. In highly degraded off reserve forest lands, cocoa production and sourcing will continue, supported by climate smart cocoa and MTS	4.1 Train farmers in off-reserve forest lands in CSC production including cocoa agroforestry systems	# farmers trained in CSC best practices: 12,231
	4.2 Train farmers in Modified Taungya System (MTS)	# farmers trained in MTS: TBD
5. In all areas, a multi-stakeholder landscape approach will be followed, with an initial focus on the six Climate-Smart Cocoa Hotspot Intervention Areas as defined under GCFRP	5.1 Join one/several HIA(s) in the cocoa-sourcing area	# HIA(s) joined in cocoa sourcing areas: TBD
	5.2 Implement GCFRP CSC Good-Practice Guidelines with farmers within the HIAs	# farmers within HIAs have adopted CSC best practices: TBD
6. Up-to-date maps on forest cover and land-use, socio-economic data on cocoa farmers, and detailed operational guidelines covering Category 1 and 2 reserves, will all be developed and publicly disclosed	6.1 Share maps and data with appropriate government bodies	Yes
	6.2 Participate in the development of operational guidelines for Category 1 and 2 Forest Reserves	Yes
	7.1 Support farmers with tree registration	# trees registered: TBD

7. Land and tree tenure reforms, and benefit sharing arrangement to incentivize land owners and users to retain naturally regenerated trees will be accelerated, including approval of CREMA mechanism	7.2 Support cocoa farmers to acquire land (tenure) documentation	# farmers with secure land titles: 1,110
8. Public sector forest law enforcement and governance will be strengthened	8.1 Promote awareness-raising campaigns to educate farmers on forest law enforcement and tree tenure provisions	# farmers reached at awareness events: 11,290
9. Public-private collaboration to mobilize new sources of funding for forest protection and restoration, and to incentivize farmers adoption of environmentally sustainable cocoa production will be developed	9.1 Mobilize finance for forest protection and restoration	Amount of \$ mobilized towards forest protection and restoration: TBD # hectares with forest protection & restoration financing: TBD # farmers participating in PES contracts: TBD
	10. Public-private collaboration will be enhanced to identify good practices and technical guidance for forest conservation and restoration, shade grown cocoa, and MTS in Forest Reserves	10.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry 10.2 Support distribution and planting of native trees for off-farm restoration (reforestation) 10.3 Train farmers in Modified Taungya System (MTS)
Sustainable Production and Farmer Livelihoods		
11. Promote investment in long-term productivity of high-quality cocoa in environmentally sustainable manner and grow "more cocoa on less land"	11.1 Distribute improved cocoa planting material	# million improved seedlings distributed to farmers: 2,163,798
	11.2 Establish and/or provide cocoa nurseries with improved cocoa planting material	# nurseries with improved cocoa seedlings: 100
	11.3 Train farmers and producer organizations in the latest Good Agriculture Practices (GAPs)	# farmers trained in GAPs: 21,111
	11.4 Support cocoa farm rehabilitation	# of hectares of cocoa rehabilitated: 1,947
12. Develop implementation plans, including mapping of exact areas to intensify establishment of shaded cocoa landscapes in line with GCFRP, with the promotion of Climate Smart Cocoa and the national Climate Smart Cocoa Standard	12.1 Promote the Climate Smart Cocoa Standard	# of farmers adopting CSC: 2,220
13. Promote sustainable livelihoods and income diversification for cocoa farmers	13.1 Support distribution and planting of multi-purpose trees for on-farm restoration via agroforestry	# multipurpose trees distributed for on-farm planting: 537,500 # hectares of cocoa agroforestry: 8,225
	13.2 Promote farm-level crop diversification	# farmers applying crop diversification: 1,800
14. Promote financial inclusion and innovation to deepen farmers' access to working capital and investment funds required for production and cocoa farm rehabilitation and renovation	14.1 Promote expansion of farmer savings	# farmers in supply chain with a savings account: 2,200 # farmers participating in VSLA groups: 700
	14.2 Offer financial products to farmers	# farmers offered a financial product: 1,531
15. Improve supply chain mapping, with 100% of cocoa sourcing traceable from farm to first purchase point. An action plan will be developed that maps out key principles, steps, and milestones to achieve this step, encompassing all national and international traders	15.1 Conduct mapping to identify and collect cocoa farm boundaries polygon data	# farms mapped within direct supply chain: 40,264
	15.2 Implement traceability system to farm level in 100% of supply chain by end-2019	% cocoa supply traceable from individual farms to first purchase point: 100%

Social Inclusion and Community Engagement		
16. Full and effective information sharing, consultation, and informed participation of cocoa farmers and their communities who are affected by proposed land-use changes	16.1 Organize cocoa community consultations on the implementation of the Frameworks for Action	# communities with consultation sessions: <i>TBD</i>
17. Promote community-based management models for forest protection and restoration	17.1 Establish and/or support community-based natural resource management (CBNRM) programs for forest restoration/protection	# cocoa communities with active forest restoration and protection program: <i>TBD</i> ----- # hectares under CBNRM: <i>TBD</i>
18. Development of action plans for forest protection and restoration, and sustainable agricultural intensification that are gender and youth sensitive	18.1 Develop forest protection & restoration and agriculture intensification action plans that are youth and gender sensitive	# cocoa communities with gender-focused programs: <i>40</i> ----- # cocoa communities with youth-focused programs: <i>TBD</i>

TBD = To Be Determined, following additional inputs from Government