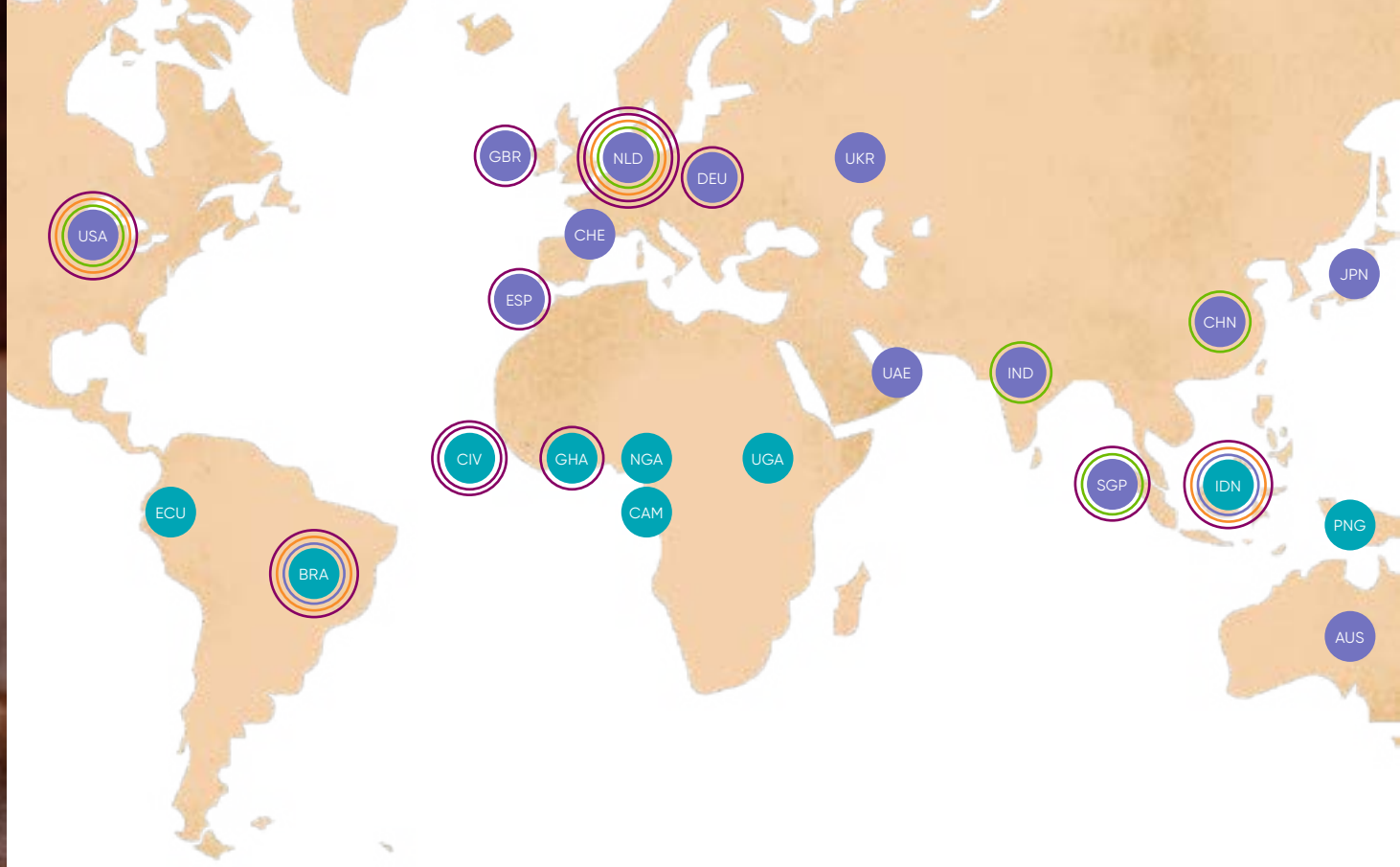

Cocoa
Compass
Impact Report
2024
choices for
change
ofi
make it real

Contents



ofi cocoa operations

AUS	Australia	**IDN**	Indonesia
BRA	Brazil	**IND**	India
CAM	Cameroon	**JPN**	Japan
CHE	Switzerland	**NGA**	Nigeria
CHN	China	**NLD**	Netherlands
CIV	Côte d'Ivoire	**PNG**	Papua New Guinea
DEU	Germany	**SGP**	Singapore
ECU	Ecuador	**UAE**	United Arab Emirates
ESP	Spain	**UGA**	Uganda
GBR	Great Britain	**UKR**	Ukraine
GHA	Ghana	**USA**	United States

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Year in review

This report marks an important milestone in our cocoa sustainability journey - 20 years since our first quality improvement initiative in 2004. The initiative sparked a new type of customer partnership, working together to strengthen the cocoa supply chain and deliver greater support for farmers, cocoa communities, and the environment. Since then, our approach has evolved into dedicated sustainability programs across nine cocoa-growing countries in Africa, Latin America, and Asia Pacific. Now, we are also at the midpoint of our strategy between our 2018 baseline and our 2030 targets - a critical time to reflect on both progress and challenges:

- **Improving farmer livelihoods: 155,000 farmers are now earning a living income, surpassing our 2030 target of 150,000.** A mix of factors has contributed to these results, including cocoa price increases and **livelihood support for 320,000 farmers** delivered through our sustainability programs in collaboration with our customers and partners.
- **Taking climate action: We have achieved a 12% reduction in our greenhouse gas (GHG) Natural Capital Costs per ton of output since our 2018 baseline**. The data suggests we are on track for our 2030 target but reaching it will depend on effective implementation of good, regenerative agricultural practices by farmers in our sustainability programs, so that an increase in cocoa production does not lead to a rise in farm GHG emissions and natural capital costs.
- **Improving quality of education: 40,000 children received education support such as school kits in 2024, a 65% increase from 2023,** addressing one of the biggest barriers to school attendance. Enabling children to access learning opportunities and quality education is just one of the ways we're preventing and remediating child labor in our cocoa supply chains. Currently 60% of identified cases of child labor in our direct supply chain are receiving remediation. Find out more in our Thriving Communities chapter
- **Protecting landscapes: From 2018 to 2024 we distributed 9.8 million trees for agroforestry systems.** We also have **six active landscape partnerships,** that help protect and restore nature in cocoa landscapes with the support of our customer, partners and donors. The closure of a major aid agency impacted funding for two cocoa landscape partnerships; however, we are exploring alternatives to help meet our target and scale impact. This has not deterred our preparation for the European Union Deforestation Regulation (EUDR), with further progress on polygon mapping farms in our direct supply chain to enhance traceability, and third-party reviews conducting independent evaluations.

While we have made good progress against some of our key targets, it's clear that sustainable growth requires a holistic approach so that both cocoa communities and the environment can benefit simultaneously.

More collective action from all industry stakeholders is needed to rethink how we tackle some of the critical issues affecting cocoa farming, particularly in West Africa such as illegal mining, virulent crop disease, child labor, deforestation and the impact of climate change. For a third consecutive year, we've seen one of thelargest annual cocoa supply deficits impacted by many of these issues, which impact farmer livelihoods and how much farmers can earn. Even where the cocoa price increased, which has varied from country to country depending on market dynamics, not all farmers have felt the financial benefits. We've also seen demand destruction having an impact on product formulations. We need to find collective solutions that are good for cocoa farmers, food and beverage manufacturers and consumers. Against this backdrop, we have continued to invest in and strengthen our farm-level engagement and ingredient capabilities so we can derisk our supply chain and offer more resilience against external volatility and regulatory change, while meeting customer needs. In practice, this is supported by the depth in our sourcing, delivering farmer training to improve productivity, and embedding regenerative practices that safeguard ecosystems while stabilizing supply against climate challenges and crop diseases. These actions are designed to protect our business and customers while creating shared value for farming communities. Looking ahead, our direction is set by **ofi**'s newly integrated Choices for Change targets within our Cocoa Compass, with data collection on regenerative practice adoption and the new model for long term livelihood support progressively being rolled out to support future reporting of these targets.

A. Brooks

Andrew Brooks, Head of Cocoa Sustainablity, **ofi**

Glossary

Agri Supplier Code (ASC)

Details the environmental, social, and governance principles stated in our corporate policies that we expect all our suppliers to respect (including respect for laws; corporate governance and integrity; quality and safety; labor rights; respecting the natural environment; and human rights).

Child labor

Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development (work that interferes with schooling or is hazardous) (ILO convention 138). The worst forms of child labor include children being enslaved, separated from their families, exposed to serious hazards and illnesses, and/or left to fend for themselves on the streets of large cities – often at a very early age.

Child labor remediation actions

Child labor remediation actions refer to actions taken to remove a child from child labor or mitigate the consequences of child labor by providing alternatives and promoting their safety and well-being.

Direct supply chain

A supply chain from where volumes are procured directly from farmers, farming cooperatives, farmer groups, or local buying agents, or aggregators restricted to a specific group of farmers. This includes sourcing from **ofi**'s owned estates, orchards, and farms.

Education support

An intervention aiming to improve children's access to quality education. Examples of interventions that are considered are the facilitation of birth certificates, building or repairing school infrastructure and the distribution of school material & equipment (school kits, schoolbooks, etc.).

GHG emissions

Refers to the release of greenhouse gases (GHGs) into the atmosphere. They include the six gases covered by the United Nations Framework Convention on Climate Change (UNFCCC) i.e. Carbon dioxide (CO_2); Methane (CH_4); Nitrous oxide (N_2O); Hydrofluorocarbons (HFCs); Perfluorocarbons (PFCs); and Sulphur hexafluoride (SF_6).

See **ofi**'s full Sustainability Glossary in the Choices for Change strategy here

GHG emissions (cont)

- Scope 1: GHG emissions from sources that are owned or controlled by the organization. Examples: CO_2 emissions from fuel consumption.
  Note: A GHG source is any physical unit or process that releases GHG into the atmosphere.
- Scope 2: Greenhouse gas (GHG) emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organization.
- Scope 3: Indirect GHG emissions not included in energy (Scope 2) GHG emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Input/Tool

An item provided to aid farmer's work, in most cases this will be farm tools (e.g. tarpaulin, pruning shears, moisture meter) but it can be any tool helping farmers to improve their revenue. Inputs are mainly provided for free, subsidized, or not (e.g. fertilizer, pesticide)

Infrastructure

A structure or facility provided to a farmer or a farmer group to help generate more income, save costs, or keep production value (e.g. drying tables, a road, warehouse, chicken coop)

Indirect supply chain

Volumes not procured directly from farmers, farming cooperatives, farmer groups, or local buying agents or aggregators restricted to a specific group of farmers. This may include sourcing from exchange traded volumes, government entities, large national aggregators, or primary processing partners.

Livelihood Service

A support provided to a farmer in the form of work accomplished directly on their farm that may or may not include supplies (e.g. a pruning service). A service is also any non-material support that is not of a training nature (e.g. financial loans). The service might be provided for free, be funded, or not.

Living income

We adopt the guidance of the Living Income Community of Practice (LICOP): "The net annual income required for a household in a particular place to afford a decent standard of living for all members of that household. Elements of a decent standard of living include food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events."

Natural capital

Capital has traditionally been thought of as financial capital. However, capital describes any resource or asset that stores or provides value to people. Stocks of the elements of nature that provide benefits to society, such as forests, fisheries, rivers, biodiversity, soils, minerals, the atmosphere and oceans, as well as natural processes and functions. Natural Capital include both the living and non-living aspects of ecosystems (Source BSI NCA Standard pg. 12). Natural capital works in much the same way as traditional capital – if companies invest in them, they create value, and if companies degrade them, they limit their value.

Natural Capital Accounting

Natural Capital Accounting follows a holistic systems approach to understanding the true value of nature, people, and society for humans. The economy must be recognized as parts within a deeply interconnected global system and addressed together to deliver value across the capitals. It is an approach to measure the changes in the stock of natural capital at a variety of scales and to integrate the value of ecosystem services into accounting and reporting systems at national, corporate, project and product levels. This will result in better management of natural capital by these different entities.

Regenerative agriculture

Regenerative agriculture is an approach to food production, working with nature to build and restore Natural Capital (Soil, Water, Biodiversity and Carbon) on and around farms whilst optimizing inputs and ending harmful and destructive practices. Regenerative practices are context specific, adapted to agro-ecological conditions.

Training

An activity that promotes a farmer household's knowledge, or skillset to directly improve a farmer's livelihood (e.g. Good Agriculture Practices, sewing, beekeeping, or financial training)

Tree carbon stock

Carbon Stocks, pools or carbon sequestration is directly related to the above ground biomass of trees. This only considers additional number of trees delivered in our programs or conservation areas where ofi shows a positive impact.

Our progress

This is the first year that **ofi**'s cocoa business will report against its new and updated 2030 cocoa-related targets. This is in addition to targets for farmers earning a living income and reductions in natural capital costs which remain unchanged. The cocoa targets are in line with **ofi**'s overarching sustainability strategy – Choices for Change, which is underpinned by a comprehensive double materiality assessment enabling us to identify our material sustainability topics, such as; economic opportunity, human rights, climate change, ecosystems & biodiversity and traceability. These are linked to our interconnected four sustainability pillars below, supported by supply chain excellence.

	Prosperous Farmers	Thriving Communities	Climate Action	Regenerating the Living World
2030 Targets	**150,000** farmers earning a living income **500,000** farmer households receive livelihood support[1]	**All** identified child labor cases have received remediation actions **100,000 children** to receive **education support**	**30% reduction in GHG natural capital** costs per ton of output (against 2018 baseline)	**15 million** beneficial **trees** distributed for agroforestry programs (cumulative) **7** landscape partnerships **1.4 million** hectares under regenerative agriculture[3]
2024 Target Milestones	**60,000** farmers earning a living income by 2024	N/A	**10%** reduction in GHG natural capital costs per ton of output by 2024	N/A
2024 Impact	**155,000** farmers earning a living income[2] **320,000** farmer households receive livelihood support **(-9% 2023)**	**13,700** cases of child labor **(+16% 2023) (+40% 2018)** increase in child labor is due to increase household coverage of our Child labor monitoring and remediation system. **8,400** cases in the process of receiving remediation **(-3% 2023) (+60% 2018)** **40,000** children received education support **(+62% 2023) (+125% 2018)**	**12%** reduction in natural capital costs per ton of output **398** USD per ton of natural capital cost from agriculture, sequestration & transportation **(+2% 2023) (-11% 2018)** **14** USD per ton of finished product-GHG natural capital cost **(-6% 2023) (-42% 2018)** **0.16** CO2 emissions per metric ton of product output from processing **(-6% 2023) (-41% 2018)**	**9.8 million** beneficial trees distributed for agroforestry programs (cumulative since 2018) **1.9 million** beneficial trees distributed for agroforestry programs **(-16% 2023)** **6** landscape partnerships **(0% 2023)**

1: **ofi** is progressively rolling out a segmentation model to measure and deliver tailored training and practical livelihood support, delivered over multiple years.
2: Data available from 2020-2024. Results largely driven by cocoa prices and livelihood support.
3: **ofi** has created a Regen Ag framework to assess the no. of hectares. The first results will be available in 2025.

The complexity of cocoa

Our Global Head of Cocoa Sustainability, Andrew Brooks, talks about the recent changes and challenges in cocoa and our approach to de-risking the supply chain.

In the last three years, the cocoa market and subsequent prices have dramatically changed. How has this impacted cocoa sourcing?

The last three years have been marked by enduring volatility. Since 2023, we've seen some of the largest annual supply deficits on record and, consequently, the lowest stock-to-grinding ratio (the total available stock of cocoa beans to the total amount being processed in a given year) below 30% in 2023/24 crop season[1] This was a 45 year low[2], and resulted in prices increasing sharply in 2024, incentivizing farmers to increase their cocoa production. We have been able to navigate this production deficit thanks to our extensive origination and global sourcing network to maintain our global supply of cocoa. With an improved supply of cocoa in 2025, we expect to see higher stock-to-grinding ratios, and weaker market prices by the end of the year.

At the center of your sustainability program are the cocoa farmers the majority of whom are smallholders. How are you helping to tackle poverty and improve farmer incomes?

Farming cocoa is seasonal, with most of the world's crops grown on family-run farms. Their income is influenced by many factors, such as small plots of land, weather, aging trees, soil health, and global commodity prices. Action to lift farmers out of poverty must start by understanding what level of income allows them to have a decent standard of living -'a living income'. At **ofi**, living income is our north star for guiding our actions to support farmers to have more prosperous livelihoods. We're using data-driven insights using our Cocoa Farmer Income Tool to better understand and help address living income challenges. This type of livelihood support can range from training in Good Agricultural Practices to improve yields and quality, distributing cocoa seedlings, implementing agroforestry access to youth service groups to provide more on-farm labor, in-kind benefits, and in some cases other farm crops for income diversification. We're also supporting women entrepreneurs through business training and enterprise opportunities. Helping farmers achieve a living income requires holistic support with coordinated efforts by industry, national governments, and civil society.

1. Based on ICCO figures.
2. Cocoa market under pressure; global deficit hits highest level in over 60 years.

Cocoa production is very sensitive to its environment and crop pests and diseases. What can be done to protect farmers from this risk?

Crop disease is a global industry issue but is particularly prevalent in Ghana and Côte d'Ivoire. Black Pod, and Cocoa Swollen Shoot Virus (CSSVD) transmitted by mealybugs, can have a devastating impact on a farmer's harvest. To help minimize the impact of Black Pod on cocoa yields, we're helping farmers with a combination of training on integrated pest management, effective pesticide use, and regenerative agricultural practices such as agroforestry which can help to create natural pest barriers in between crops. We're working with the governments of Ghana and Côte d'Ivoire, as well as in industry research groups to build a roadmap that will help find a long-term solution for CSSVD.

With cocoa farming often run as a family business, what are the risks of child labor occurring and what is ofi doing to practically tackle the issue?

Child labor in cocoa, as in many other industries, doesn't have a single cause. There are often complex and deep-rooted cultural, social and economic challenges at play. For example, it could be a lack of farm labor available or the ability to pay for it, no nearby schools or having the necessary documents to enroll their children in education. Sometimes labor laws are misunderstood or cannot be effectively enforced. The complexity of the issue means that one type of intervention will never be enough – it requires collective action and a range of long -term actions implemented at individual, community, and national levels.

We have been working for two decades with customers, donor funding partners, governments, farmer groups and communities, with an initial focus on cocoa quality improvement and have evolved into tailored programs designed to put children first and tackle the root causes of child labor. A key milestone has been establishing child labor monitoring and remediation systems (CLMRS) across all managed sustainability programs in our nine sustainable cocoa sourcing countries. This enables us to identify children at risk of or in situations of child labor, as well as measure our progress in reducing and remediating child labor. Our community centered actions are focused on setting up child protection committees, and Village Savings and Loans Associations to help reduce poverty in cocoa communities, creating educational funds and establishing community service groups at farmer group level to facilitate access to adult labor. Additional remediation can also involve building and equipping classrooms, as well as obtaining birth certificates for children so they can attend school.

What are you doing to tackle the impact of the cocoa supply chain on deforestation?

We are committed to using regenerative, tailored approaches across our supply chain to tackle deforestation and restore nature by working with farmers and their communities. We've scaled up our regenerative agriculture ambition to distribute 15 million beneficial trees (cumulative) and take a more holistic approach through establishing seven landscape partnerships by 2030. Since 2021, we've conducted 100% deforestation monitoring back to farms or the cocoa communities that we source directly to make sure cocoa is not sourced from any protected areas, reserves, or national parks. Via our Forest Loss Risk Index (FLRI), we monitor tree cover across nine cocoa-sourcing countries and have mapped 100% of the farms in our sustainability programs with either GPS pins or polygons. GPS pins use a radius approach to locate the farm, whereas GPS polygons trace a farm's perimeter to verify that the volume of cocoa purchased respects the farm's capacity. All suppliers to ofi either direct or indirect must sign our agri supplier code, which sets out our expectations for raw materials and products supplied to **ofi**. By signing, supplies agree to specific terms in the cose such as not sourcing or deliver products to ofi resulting to the destructions of important natural habitats including forests and adopting sustainable practices to protect species and thier habitats, and important sites on and around the farm.

How are ofi's preparations going for the European Deforestation Regulation (EUDR)?

Since our first cocoa sustainability initiative back in 2004, we have been developing systems and policies to support a more traceable and transparent cocoa supply chain. Our on-the-ground presence, integrated business model, systems and technology solutions, and sustainability programs, mean we are well-prepared to provide the required due diligence and digital traceability obligations for our cocoa products destined for the EU market when the regulation comes into application.

Prosperous farmers

2030 targets

- **150,000** cocoa farmers in our supplier network are achieving a living income
- **500,000** farmer households receiving livelihood support

2024 milestone

- **60,000** cocoa farmers in our supplier network are achieving a living income

2024 progress

- **155,000** cocoa farmers in our supplier network are achieving a living income
- **320,000** farmer households receiving livelihood support

Progress towards our 2030 targets

We're happy to see 155,000 cocoa farmers in our supplier network achieving a living income and subsequently making our 2030 living income target of 150,000 a reality. This has been influenced largely by rising cocoa prices, outside of our control, livelihood support and income diversification.

Our focus going forward is to maintain and build on this progress despite volatile market and climate conditions to help farmers have more secure livelihoods. With five years' worth of living income data, we can now better understand the drivers for farmer incomes within our direct supply chain to provide targeted support to farmers.

Living income remains our north star, guiding our actions for on farm support that are designed to improve yields, quality, resilience, or return on investment. In 2024, we have provided 325,000 farmers with livelihood support. Our Cocoa Compass targets have aligned with **ofi**'s overarching sustainability strategy Choices for Change, which includes livelihood support, taking into consideration farmers receiving a package of more than one type of support over time. **ofi** is also progressively rolling out a segmentation model to measure and deliver this tailored training and practical support to farmers, which we will report against in 2025.

Enhancing farmer livelihoods

In many of the major cocoa growing countries, cocoa farmers often struggle to make ends meet. Smallholder farmers are the most vulnerable. For a third consecutive year, we've seen one of the largest annual cocoa supply deficits impacted by virulent crop disease as well as disrupted rainfall across many key cocoa growing countries. For smallholder farmers, this can have a serious impact on their crops and, therefore, their overall earning potential. Even where the cocoa price increased, which has varied from country to country depending on market dynamics, not all farmers have felt the financial benefits. It's also influenced by factors like aging or diseased trees affecting yields, small farm size limiting the available cocoa they can produce to sell, as well as export taxes reducing their net income from the crop.

Our approach to support more prosperous cocoa farmers

Through our dedicated sustainability programs, which we run in collaboration with our customers and partners, we are working to increase farmer resilience.

We do this by:

- Providing tailored training and practical **livelihood support,** delivered over multiple years, with access to inputs such as improved cocoa seedlings, tools and premiums.
- **Good agricultural practice training** to improve yields such as pruning.
- Access to labor through **youth service groups**
- **Regenerative agriculture** training such as agroforestry and crop residue management
- Growing **other farm goods**, such as honey, fruit or vegetable crops.
- **Income diversification** such as soap making to provide more earning opportunities for women.

These steps are important to help farmers increase their household income and create a pathway to achieving a living income. This enables farming families to better invest in their farms, send their children to school and cover essential costs like food and healthcare, all of which can help reduce the risk of child labor and deforestation, and improve cocoa production.

Our efforts in 2024, have focused on training farmers on good agricultural and regenerative practices such as pruning and crops residue management like mulching to help increase cocoa yields and therefore boost incomes for farmers.

Improving yields through pruning

As part of our ongoing commitment to sustainable cocoa farming, **ofi** in Côte d'Ivoire partnered with Puratos, a manufacturer and supplier of bakery ingredients, through their Cacao-Trace program to evaluate the impact of pruning on cocoa productivity. This trial involved 300 farmers in Côte d'Ivoire, comparing yields between those who implemented pruning practices and those who did not.

Pruning plays a vital role in maintaining healthy cocoa trees. By removing old or unproductive branches, farmers improve light penetration and air circulation—conditions that support better flowering and pod development. It also helps trees allocate nutrients more efficiently, boosting overall productivity.

The results of the trial were significant. Over a three-month period, farmers who pruned their trees saw yield increases of up to 26%. On average, this translated to an additional 250 kgs of cocoa per hectare—the equivalent of four extra bags. These findings reinforce the importance of good agricultural practices and the value of farmer training. Through programs such as Cacao-Trace, we continue to invest in practical, data-driven solutions that help farmers improve their livelihoods while contributing to a more resilient cocoa supply chain.

Analysing the cost-benefit of different organic fertilizers made from crop residues

Our living income studies have shown that yield is one of the key drivers of cocoa farmer income. For smallholder farmers, inputs can be costly, not always be available, and can degrade soil health over time. One way to overcome this is to use resources that already exist on the farm, such as cocoa pod husks. We conducted trials from 2022-2024 in some of our customer sustainability programs in Côte d'Ivoire, to measure the impact different organic fertilizers made from cocoa pod husks, had on the number of pods produced per tree compared to a control plot with no soil nutrients added. We conducted a cost-benefit analysis of three different types of organic fertilizer applied around the base of cocoa trees: fresh and healthy pod husks, decomposed pod husks, and compost made from pod husks.

The results showed that all three approaches improved yields compared to the control plot. In some cases, the increase was by nearly 150 kgs per hectare – having a positive effect on farmer income in the current market environment. Using decomposed pod husks had the highest cost benefit, due to the low cost of implementation and the overall yields produced.

Investing in the future of women

Globally, we're supporting approximately **50,000 women cocoa farmers** with good agricultural practices trainings and livelihood support, and **23,000 women members of VSLAs** to access business skills and income generating opportunities as well as sensitizing **120,000 people on gender and women's rights.**

Women play a crucial role in agricultural supply chains. In the Food and Agriculture Organization of the United Nation's (FAO) report, The status of women in agrifood systems, it states that 36 percent of working women globally work in agrifood systems.

This also changes depending on the country or region, with it increasing to as much as 66 percent in Sub-Saharan Africa and 71 percent in Asia. To support the inclusion of women and amplify their contributions in our global supply chains, **ofi** joined FAO's Commit to Grow Equality initiative. As the first company to join this initiative, we aim to spotlight different ways to drive gender equality and women's empowerment aligned with the Sustainable Development Goals.

Hear from our partner

"Closing the gender gap requires the collective commitment of all stakeholders in agrifood systems. This includes the many businesses that provide opportunities for women to access markets and engage in decent work. Commit to Grow Equality is a key platform to promote action.

We are pleased to count on **ofi**'s commitment to drive meaningful change for women in agrifood systems, and look forward to seeing how Commit to Grow Equality can support further scaling of these initiatives"

Lauren M. Phillips, PhD, Deputy Director, Rural Transformation and Gender Equality Division, Food and Agriculture Organization of the United Nations, FAO

Increasing community resilience and economic well-being in Ghana

In Twifo Atti-Morkwaa district, in the central region of Ghana, we supported a two-year VSLA Plus Promotion Initiative, which focused on increasing the financial capacity of 1,000 cocoa households within communities in our supply chain. Funded by the International Commodities Exchange (ICE), facilitated by World Cocoa Foundation (WCF) and implemented by CARE International in Ghana, to create 21 new VSLA groups across **ofi** sourcing areas, to provide community members with skills and knowledge to generate additional income and manage their finances so they can become more resilient to external shocks.

From 2022 to 2024, **ofi** facilitated access to the communities and supported the monitoring and evaluation reporting. These VSLAs have now expanded their training to include nutrition education and financial literacy as well as delivering gender and women empowerment activities. Read more about the initiative here.

Hear from our partner

"The partnership with **ofi** in implementing this project has been truly synergistic. The **ofi** team consistently demonstrates strong teamwork, collaboration, and a high level of commitment to project execution. The success of this initiative would not have been possible without their invaluable support. The impact on project participants within the **ofi** operational areas has been both significant and transformative."

Abraham Owusu Antwi, Project Manager Cocoa Sustainability Initiative & OP-EN Projects, CARE Ghana

Providing the skills and tools to help women cocoa farmers thrive in Brazil

CACAU DELAS which means 'her cocoa' in Portuguese, is a dedicated program created with the aim to help increase women's participation in cocoa production, farming and entrepreneurship. Following a successful pilot in the State of Bahia in partnership with Mondelēz International in 2023, **ofi** established CACAU DELAS in 2024, with support from Mondelēz International's Cocoa Life program. Expanding its reach into a new state, approximately 85 women in Pará and Bahia took part in dedicated training sessions on seedling production, nursery management, plant grafting, and tree pruning. To help enable accessibility and encourage participation, the program provided meals, transportation, and childcare services when needed. The training was delivered by women agronomists, and participants gave highly positive feedback, expressing strong interest in future learning opportunities.

The CACAU DELAS program builds on our efforts to support women in the cocoa supply chain with dedicated training on cocoa farming in the State of Pará, since 2022. In partnership with the Cocoa Life program, our aim is to grow the CACAU DELAS program to reach around 200 women in more communities in both states in 2025 with the Cocoa Life Program. Looking ahead, we want to develop CACAU DELAS further over time, helping to establish networks of women leaders within cocoa-growing regions, and provide more visibility to women in farming who may otherwise go unnoticed in the supply chain due to their role as sharecroppers on the farm.

Hear from our partner

"I believe that CACAU DELAS' has the potential to break paradigms by placing women cocoa farmers at the center of the program, building it in partnership with them and shaping it around their needs. The demand for training in good agricultural practices came from the women themselves, and so when developing the sessions they were consulted via surveys on the topics, formats and timings. The program has helped equip them with essential tools and knowledge to better manage their farms, and helped support their recognition as empowered rural producers, independent from the men who have been traditionally seen as the main farmer."

Michele Santos, Cocoa Life Coordinator
Latin America, Mondelēz International

Enhancing cocoa livelihoods to sustain living income progress

The majority of the world's cocoa farmers are smallholders who own very small plots of land with an average of two hectares. They can often face many challenges in affording a decent standard of living that covers essential needs such as food, water, housing, education and healthcare. Farmers earning a living income is something that not one organization can solve by themselves, but together the private sector, governments, and development organizations can address both the farm-level productivity gaps and system-level barriers.

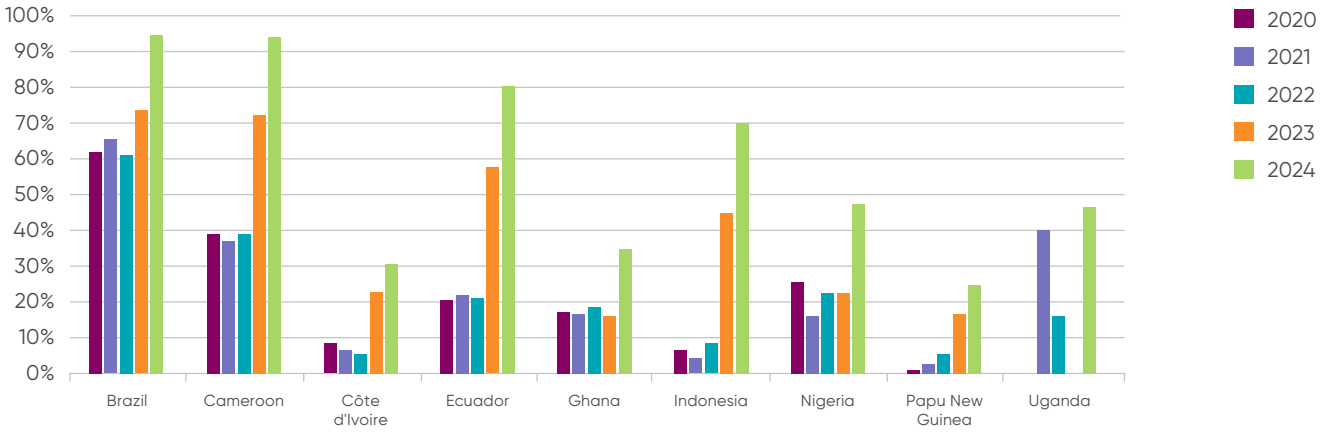
Our approach and methodology

Since we set our **living income** target for cocoa farmers back in 2019, we've used this as a catalyst to understand the real income levels of cocoa farmers we work with. Living income is a valuable indicator to guide our interventions to help increase farmers' resilience. **As of 2024, we have five years'[1] worth of data across a broad sample of farmers within our nine-cocoa sustainable supply chains to see what trends are emerging for farmer incomes and living income gaps[2].**

Our survey approach covers a percentage of farmers per farmer group across all nine origins, to enable the data to be more representative of our sustainable supplier network. We will continue to evaluate and refine this approach to improve data quality, and reduce the risk of bias in the results.

We're using our Cocoa Farmer Income Tool, developed in 2022 with sustainability consultant Dear Impact. We use data collected via annual living income surveys using our **ofi** Farmer Information System (OFIS) app. The model uses this data to calculate farmers' income from cocoa, other farm goods, and off-farm income, as well as the in-kind benefits of farm inputs and equipment distributed to farmers as part of the sustainability premiums paid by many of our customers. The impact of land-sharing arrangements, such as tenant farming, on farmers' income is also taken into account. A key requirement for establishing the tool was having living income reference values and living income benchmarks for all nine countries. While five of the benchmarks were already created through industry organizations such as Global Living Wage Coalition, we co-funded an additional four to have a complete set for our sustainable sourcing countries[3].

% program farmers achieving a Living Income



The results

In 2024[4], over 155,000 cocoa farmers (45%) in our sustainability programs were earning a living income, which exceeds our 2030 target of 150,000 farmers.

Many factors play a role in the total household income, such as the livelihood support and trainings we have continuously delivered through programs with investment and support from our customers and partners, but there are also many of which we cannot influence.

In 2024, the historic cocoa market price increase has played an important role in these results. According to our assessment, this has increased significantly with the average income from cocoa more than doubling since 2023. While we are pleased to see that many more farmers in our global cocoa supplier network are earning a living income, we recognize that even historical price increases still leave more than 50% of farmers in our sustainable supply chains under living income benchmarks.

Large scale farmers are more likely to benefit from farmgate price rises, further investing in their farm with mechanization, land expansion and other climate resilient measures, such as irrigation. This will likely boost global production and put pressure on the market price, leaving the smallholder farmer in a situation that could be even more challenging than before, competing with larger more professionalized farmers.

In 2024, our field teams worked with 325,000 cocoa farmers to deliver livelihood support, focusing on where we can have the most impact with our customers and industry partners, such as agronomy training and income diversification. In the coming years, we aim to focus on smallholders' farmer resilience to volatile market and climate conditions, actively introducing low tech tools and support the development of farming services such as pruning and youth service groups.

1 The data collection is now aligned with the crop year, meaning we have two additional years of living income data since the last report. In the Cocoa Compass 2023 report, the living income results were reported by collection year. **2** We've made improvements to our Living Income survey to enhance the accuracy, reliability and representativeness of our data collection. As a result, we reduced the sample size to 18% to enable us to implement a more thorough sampling strategy. **3** A living income benchmark is an estimate of the cost of a basic and decent standard of living for a household see IDH definition. All **ofi** cocoa Living Income benchmarks are based on studies by the Anker Research Institute. **ofi** Cocoa co-funded the development of Living Income benchmarks for Brazil, Cameroon, Nigeria and Papua New Guinea. **4** 2024 reference is to 2023/24 crop year and 2023 refers to 2022/23 crop year.

Country-specific analysis of the living income

Drivers of higher income

Taking a look into specific countries in our sustainable supply chain, four out of nine have seen significant increases in farmers earning a living income, leaving five origins where farmers are experiencing slower progress. Both in Cameroon and Brazil, our assessment shows 95% of program farmers are earning a living income in 2024 which is over a 20% increase from 2023. Ecuador and Indonesia were close behind with 81% and 70% respectively.

This is further confirmed when we look at what the typical (median) farmer is earning in these four countries, which are all achieving 100% of the living income benchmark. This trend is driven by two main factors: rising cocoa prices and increased income from other farming activities, including non-cocoa crops/livestock and off-farm activities which provide diversified sources of income. Ecuador stands out for having one of the highest shares of income from cocoa, driven partly by strong prices and the cultivation of the high-yield CC51 cocoa variety.

In the current volatile market conditions, the price of cocoa is subject to fluctuations depending on demand, underscoring the need to build farmers' resilience, reducing their vulnerability to price changes. Diversifying income sources is one effective way to do this. Countries like Cameroon, Brazil, and Indonesia show higher levels of alternative income beyond cocoa.

Barriers to achieving a living income

Conversely, not all farmers have been able to feel the benefits of the cocoa price particularly in Ghana, Côte d'Ivoire, Nigeria, Papua New Guinea and Uganda, which saw more modest increases in farmers earning a living income. Ghana and Côte d'Ivoire operate in a forward-selling market where the price is consequently delayed to the following season. Our analysis shows that in Côte d´Ivoire, some farmers have been able to increase their yield with pesticide use; however, this has also led to higher expenses with a net negative return on investment as a result. This example shows how detailed income analysis can uncover areas of sustainability program optimization.

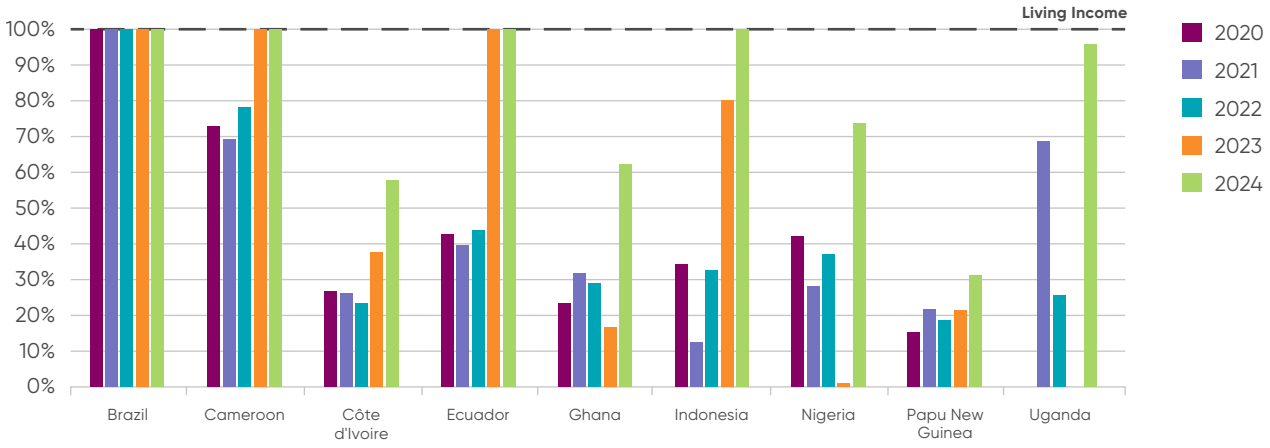
Although cocoa prices rose significantly in Nigeria between 2023 and 2024, the proportion of farmers earning a living income remained much lower than in other free-market countries that also experienced sharp price increases.

This is partly due to farmers investing in pesticides for their farms, which have surged in price, as well as high food inflation, and a rise in fuel and transport costs, which have impacted cocoa farmers particularly in rural areas. These factors have contributed towards an increase in Nigeria's living income benchmark by 32%. This offset the gains from the high cocoa prices, eroding the purchasing power of the income earned from cocoa sales and increasing production costs. In comparison, Cameroon, Brazil and Indonesia, the living income benchmark increased by 4%, and 1% in Ecuador in the same period.

In the case of Papua New Guinea, only 25% of farmers within our sustainability program are achieving a living income in 2024. Predominantly small farm sizes, including some less than 1 hectare, limit the amount of cocoa they can produce and therefore benefit from price increases. It is also important to acknowledge the rural context, where traditional ways of living are important among households that rely heavily on their communities and nature to provide resources. This could be an indication that households in Papua New Guinea may have a different view of what a decent standard of living is.

Using the data we've collected, we can now work towards analyzing it at a disaggregated level within countries and farmer groups to inform where we can enhance our programs. Our new livelihood support target takes into consideration multiple interventions like training and inputs, customized to farmers' needs which will be a key driver and way for us to measure our support for farmers to become more professionalized, not just in the science of growing cocoa but also in managing the farm as a business.

% Living Income earned by median farmer



Thriving communities

2030 targets

- **100,000** children to receive education support in our direct supply chain (annual)
- **All identified child labor cases**[1] in our direct supply chain receive remediation actions

2024 progress

- **40,000** children received education support in our direct supply chain (annual) (+65% 2023)
- **13,700** child labor cases in our direct supply chain (annual)
- **8,360** children in the process of receiving remediation actions in our direct supply chain
- **252,000** households covered by Child Labor Monitoring and Remediation System (CLMRS) (+1.5% 2023)

1: Child labor remediation actions refer to actions taken to remove a child from child labor or mitigate the consequences of child labor by providing alternatives and promoting their safety and wellbeing.

Progress towards our 2030 targets

This year is the first time we are reporting on our updated education and child labor remediation targets, within our direct cocoa supply chain, in line with **ofi**'s overarching Choices for Change Strategy. 2024 marks the half point between our 2018 baseline and our 2030 targets. We reached 40,000 children receiving education support representing 40% of our 2030 target, and a 65% increase from 2023.

We focused on delivering school kits, to address the biggest barrier to children attending school, which is not having the right school supplies such as stationery to participate. Currently 60% of identified cases of child labor in our direct supply chain are receiving remediation. We believe we are on track to reach our 2030 goal of all cases receiving remediation action, despite a slight increase in identified child labor cases compared to 2023.

It's common to see an increase in identified child labor cases when the coverage of our Child Labor Monitoring and Remediation System (CLMRS) increases with **ofi** community liaison officers visiting different cocoa growing households in a given year as part of the annual CLMRS survey showing our CLMRS system is working. The new remediation process by the International Cocoa Initiative (ICI), requires two follow up visits to the family rather than one which requires more time and resources to deliver.

Our in-country teams are working to close this gap between identified cases and remediation by rolling out regular sensitization as part of the CLMRS survey process to complement existing remediation plans. We're also promoting income generating activities, active participation in Village Savings and Loans Associations, as well as helping children 15 years and above access to vocational skills training to prevent the risk of child labor.

Find out more about our process for safeguarding children on p18.

Protecting human rights

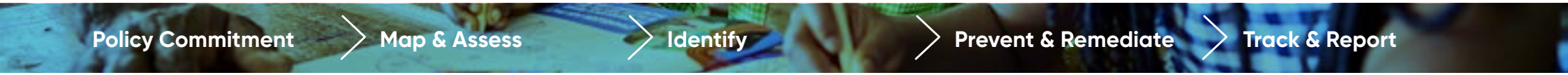
Safeguarding human rights is a critical part of supporting cocoa communities to thrive. One of the biggest challenges in cocoa is the risk of child labor[2] which deprives children of their childhood, through work that either interferes with their schooling, or is hazardous - which is sometimes referred to as one of the worst forms of child labor. It's a sector wide issue that is complex due to the interdependencies of poverty, cultural norms and lack of access to education, something that no one organization can solve alone. At **ofi**, we have outlined our approach to protecting and addressing human rights risks in our supply chain in our **Position Statement on Human Rights** including how we adhere to the UN Global Compact and Women's Empowerment Principles. We mitigate the risk of child labor by:

- **Sensitizing supplier farmers on our Agri Supplier Code** which sets our expectations, including human rights standards.
- **Using our Child Labor Monitoring and Remediation System to monitor farmer households** in our direct cocoa supply chains and survey annually to identify, track and remediate child labor cases.
- **Working in partnership** with foundations, NGOs, customers, governments and partners to expand, audit and enhance child labor prevention.
- **Helping to establish Village Savings and Loans Associations** to provide community finance, business training and income generating activities to help tackle poverty and empower women – who are more likely to invest their money in education for their children.
- **Training on regenerative agriculture and livelihood support** to improve yields so farmers can earn more from their cocoa.
- **Accessing extra labor through Youth Service Groups** so farmers do not rely on their children to help out on the farm.

  Providing education support such as distributing school kits, facilitating access to birth certificates, scholarships, and constructing or rehabilitating classrooms with our customers and partners.

2: We use the ILO's definition of child labor which is work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development (work that interferes with schooling or is hazardous) (ILO convention 138).

Child labor prevention and remediation process



Policy Commitment > **Map & Assess** > **Identify** > **Prevent & Remediate** > **Track & Report**

100% of ofi **suppliers in our direct supply chain to sign the Agri supplier code (ASC)** every year. From 2025, this will be extended to suppliers in our indirect supply chain (e.g. government entities, exchange trading, other national and international companies, and intermediaries such as Local Buying Agents, who are not restricted to a specific farmer group /community/ growing area).

Child labor risks are mapped across all our sustainable cocoa sourcing countries to understand the level of risk for each one.

Farmers are added to our database ofi Farmer Information System and enrolled in our CLMRS app.

ofi further identifies risk on the ground through our **Child Labor Monitoring and Remediation System (CLMRS).**

- To provide oversight over our sustainable cocoa supply chain, we have implemented CLMRS in all our nine sustainable cocoa sourcing countries whether they are high-risk or not.
- In 2025, we will begin to roll out ASC verification for suppliers in our indirect cocoa supply chain.

When child labor risks are identified, prevention and remediation plans are put in place on a case-by-case basis depending on the risk identified in the household or community survey.

We also look to partner with NGOs, customers, governments and in sector-wide initiatives to scale up the support to cocoa farming households.

We track the closure of all case-by-case remediation. The total global numbers are reported annually through our Cocoa Compass Impact reports.

1. Training

Firstly, regular trainings are provided to data collection field agents on a regular basis, to know what to be looking out for during farm visits.

2. Community profiling

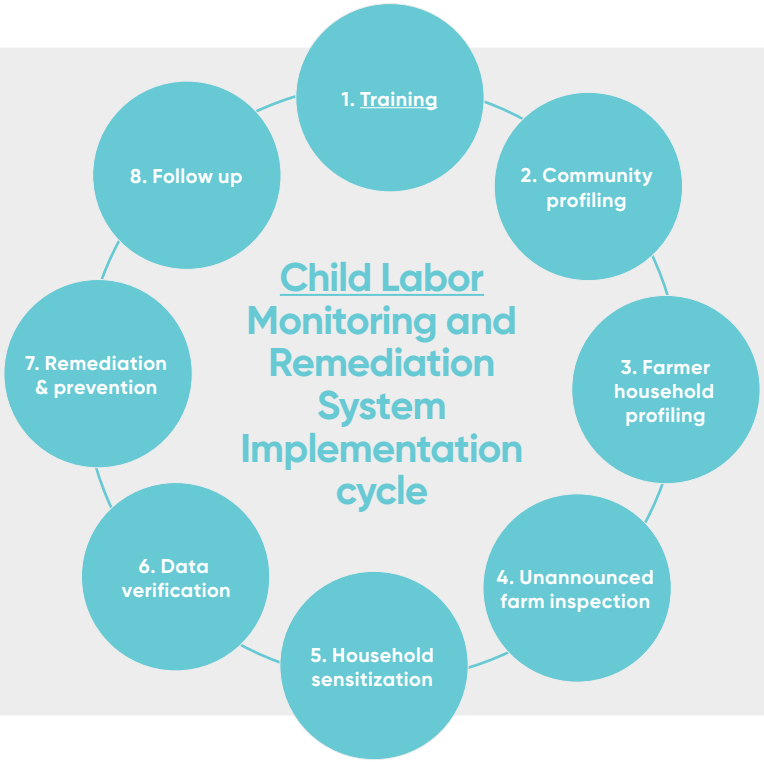
We regularly update our farm profiling when we start sourcing from a new farm or community.

3. Farmer household profiling

Annual review visits are provided within our direct supply chain.

4. Unannounced farm inspection

Farms in our direct supply chain receive an annual unannounced farm inspection visit.



5. Household sensitization

Households receive child labor training, with refresher sessions annually in accordance with need.

6. Data verification

Routine verification checks ensure the accuracy of data across all stages.

7. Remediation & prevention

Remediation and prevention actions implemented for:

- High-risk communities
- Children at risk of child labor, including those not attending school
- Children in a situation of child labor

8. Follow up

Children benefitting from direct remediation followed up after remediation implementation.

Bridging the education gap in Côte d'Ivoire

In our indirect supply chain, we financially contribute to a multi-stakeholder initiative, which aims to pool funds to invest in support for 4 million children in Côte d'Ivoire to access quality education by 2027.

As a member of the Child Learning and Education Facility (CLEF)—a public-private partnership led by the Government of Côte d'Ivoire and supported by 16 leading cocoa and chocolate companies, the Jacobs Foundation, and the UBS Optimus Foundation — **ofi** is actively investing in expanding children's access to quality education across Côte d'Ivoire. In 2024, one of its most impactful achievements was supporting approximately 4,300 out-of-school children in their transition to formal education. These children participated in an accelerated learning program delivered through 164 bridging classes across cocoa-producing regions in the west and south-west of Côte d'Ivoire. Each student received a school kit and a daily nutritious meal—critical enablers of consistent attendance and classroom engagement. For many, it was their first opportunity to learn how to read and write, marking an important step toward inclusive, lifelong learning. Over 7,000 primary school teachers were also trained in evidence-based teaching methods, that enhance learning outcomes. In parallel, CLEF launched school infrastructure projects in the first three beneficiary communities, laying the foundation for long-term improvements in the quality of education. Find out more in the CLEF blog here.

Enabling quality learning experiences

In the Eastern Region of Ghana, our local team in partnership with the Lindt Cocoa Foundation supported the construction of school buildings and kindergartens to provide better learning environments for over 600 children. The project built three new kindergarten blocks and a new classroom providing vital upgrades across four cocoa-growing communities in Nkawkaw district: Awosoase, Tiawia, Krobom and Ekawso. Previously, some children were taught outdoors due to some existing buildings falling into disrepair and lessons were at times interrupted or postponed due to weather conditions. To further support their education, the children also received school kits including books, pens, pencils, and crayons to enable them to actively participate in academic activities.

Hear from the community

"Now our children attend the same kind of school as children in Accra are attending. My daughter wants to go to school even on weekend because the building is very nice. We thank **ofi** so much."

Elizabeth, a parent, and a wife of a farmer supplying cocoa to **ofi**.

Strengthening child protection committees

We work in partnership with International Cocoa Initiative (ICI) in Ghana, Cameroon, Nigeria, Uganda and Côte d'Ivoire, to create Community Child Protection Committees (CCPCs) to prevent, identify and address child labor, as well as reaching children in our indirect supply chain.

In Ghana, we are an active member of an ICI landscape project, to create more alignment and collaboration with stakeholders who are working to protect the rights of children and adults, in Assin North and South and Asunafo North districts. Through this project, we created Community Child Protection Committees (CCPCs) to raise awareness of the risks of child labor and how to resolve them. Each CCPC is made up of influential community members such as traditional leaders, schoolteachers, Assembly members, Unit Committee members, youth leaders andwomen representatives. The CCPCs are supported by District Child Protection Committees (DCPCs), a local government structure, that provides training on how to identify child labor and the process to refer cases to the appropriate government agency. The CCPCs are also equipped with the necessary skills to collect, record and analyze data to inform future actions. In Ghana, we have CCPCs in all communities within our sustainable supply chain. Their effectiveness is measured by the number of identified and remediated cases of child labor.

In addition, health and nutrition training is provided to CCPCs with the support from our local partners to deliver specialist health and nutrition guidance, such as how to cultivate locally grown vegetables like tomatoes, eggplant, pepper and cocoyam leaves, and understand their nutritional value. With this knowledge, families are able to be more self-sufficient, enabling the funds they would have spent at the market to be used for other family needs such as funding their children's education.

Improving menstrual health in Nigeria

Facilitated through VSLAs in Nigeria, approximately 240 women in 39 communities and 560 girls attending six schools were educated on menstrual health and hygiene, which can still be seen as a cultural taboo. To help normalize the conversation around menstruation, the women and girls received health education and packs of disposable and reusable pads. This aims to reduce the risk of infections and increase their confidence, enabling more women and girls to actively participate in education and work, leading to better social inclusion.

Hear from the community

"I learnt a lot in this program on how to use my sanitary towels, calculate my menstrual cycle, take care of myself and dispose of my sanitary pads"

Abolarin, 15 years

Creating a healthier future for cocoa communities

Malnutrition can be a contributing risk factor to a country's productivity loss, the poverty cycle, and low education performance, including children not attending school, one of the root causes of child labor. In 2024, we delivered nutrition and health initiatives to approximately 112,000 cocoa farmer and community households globally in areas **ofi** directly sources from and based on World Health Organization (WHO) and UNICEF global guidelines. As part of this process, we've mapped our sourcing locations to understand which countries have the highest prevalence of stunting and obesity, key indicators of malnutrition. We identified out of our nine sustainable cocoa sourcing countries, only Ghana was not considered high risk for either malnutrition or obesity. Cameroon, Côte d'Ivoire, Nigeria, Indonesia and Uganda were high risk of stunting and Brazil was high risk for obesity. Papua New Guinea and Ecuador were identified as having a double burden of both. One example of how we're addressing this in our direct supply chain in Nigeria, which has the second highest burden of stunted children in the world, is our partnership with Global Alliance for Improved Nutrition (GAIN) and Bopinc to develop a nutrition manual. By integrating nutrition training through VSLA's, we're helping to strengthen community health and in the long term, aim to help prevent the prevalence of malnutrition.

Nutrition training for farming families

ofi, Global Alliance for Improved Nutrition (GAIN) and Bopinc developed the **Go, Grow, Glow** nutrition manual in Nigeria to educate cocoa households in the southwest and southeast sections of the Nigerian cocoa belt on the importance of a balanced diet. Go foods are rich in carbohydrates and fuel the body with energy. Grow foods are high in protein and support muscle development. Glow foods refer to fruits and vegetables, providing essential vitamins and minerals. The examples provided for each food group can be easily adapted to suit the local dietary context. In 2024, over 170 women cocoa farmers and wives across 50 communities in Osun State, Nigeria, were trained on family nutrition using the **Go, Grow, Glow** manual through local Village Savings and Loans associations. Each woman was also given packs of vegetable seeds such as gboma sika, okra, hot pepper, and tomatoes to grow. This manual is now being adopted for cocoa communities in Ghana and Côte d'Ivoire, as well as in other **ofi** supply chains such as spices and cashew nuts.

Hear from our partner

"Our collaboration with **ofi** in Nigeria was instrumental in promoting a balanced diet among smallholder farmers. We especially valued **ofi**'s hands-on, collaborative approach and their strong commitment to scale. Together, we developed a behavior changemodel and tools that are adaptable and scalable—laying the foundation to reach thousands more farmers with tailored, context-specific nutrition messaging."

Emile Schmitz, Managing Director Global, Bopinc

4: Using information from Chatham House's report, The Business Case for Investment in Nutrition

Climate action

2030 targets

- **30%** reduction in GHG natural capital costs per ton of product output from our 2018 baseline

2024 milestone

- **10%** reduction in GHG natural capital costs per ton of product output from our 2018 baseline

2024 progress

- **12% reduction** in total GHG-related NCCs per ton of output from processing, agriculture, transportation and sequestration
  - **398 USD** per ton of cocoa beans from agriculture, transportation and sequestration **(+2% 2023) (-11%* 2018)**
  - **14 USD** per ton of finished product-GHG natural capital cost from processing **(-6% 2023) (-42% 2018)**
- **0.16** CO2 emissions per metric ton of product output from processing **(-6% 2023) (-41% 2018)**

*This 11% is the reduction in net GHG costs for agriculture, sequestration and transport which is different to the contribution of overall natural capital costs (10%) due to the weighting agriculture, sequestration and transport.

Progress towards 2030 targets

In cocoa we primarily report our GHG impact using natural capital accounting, which recognizes the contribution of nature to our business in dollars and cents. This year, we have also aligned our GHG methodology for the cocoa business to support **ofi**'s scope 1, 2 and 3 emissions reporting in line with our approved company SBTi targets.

Against our 2024 milestone of 10% reduction in GHG natural capital costs (NCCs) from a 2018 baseline, we have achieved 12% reduction, (which is made up of 10% from agriculture, sequestration, and transportation, and 2% from processing), exceeding our milestone. We are aware that agriculture and transportation and sequestration accounts for 89% of our GHG NCC footprint (excluding sequestration) and is reflected in the weighting when calculating our performance.

While the data suggests we are on track to meet our 2030 target, this is dependent on effective implementation of good agricultural practices by the farmers and the survival rates of trees planted.

In our cocoa processing, we have achieved an impressive 42% reduction in our GHG-related NCCs per ton of finished product since our 2018 baseline. This has been led by our five European facilities, which continue to lead the charge in the reductions, with initiatives such as implementing biomass boilers and transitioning to green electricity.

Carbon emissions in the cocoa supply chain

As a sector, cocoa contributes to the climate challenge. With most of the carbon emitted by cocoa coming from downstream activities attributed to scope 3 emissions. This is mainly caused by land-use change, which can come from converting farms between cocoa and other agricultural commodities, or deforestation as farmers expand their farms to plant more cocoa. The emissions associated with deforestation can take up to 20 years to be removed from the supply chain. Other contributing factors are by on-farm activities such as discarded cocoa pods and fertilizer use, which can also emit emissions.

Some emissions are also generated from the processing of cocoa beans into cocoa ingredients such as cocoa powder, cocoa butter and cocoa liquor.

In our direct cocoa supply chain, of our overall total cocoa emissions, scope 1 and scope 2 associated with our processing emissions contribute 11%. As a result, the main focus of our efforts is on working with our farm suppliers and other stakeholders in cocoa sourcing countries, however, we have made some good progress in reducing our processing emissions which are within our direct control to influence.

Our approach to reduce scope 1,2 and 3 emissions

Our strategy for its scope 3 emission focuses on **carbon reduction and removal** through regenerative agriculture, forest protection, and landscape-level action:

- Signatory to the **Business Ambition for 1.5°C**, coordinated by the Science Based Target initiative (SBTi) and, in line with the SBTi FLAG (Forest, Land and Agriculture.)
- Member of the **Agriculture Sector Roadmap to 1.5°C**, which aims to accelerate action to address forest loss in commodity supply chains such as cocoa.
- **Regenerative agriculture** / **good agricultural practices** through our customer sustainability programs, including planting agroforestry, managing crop residue by implementing composting, mulching or biochar, while minimizing fertilizer use. The carbon emissions reduced from these activities are third party verified.
- **Carbon stock monitoring tool and Carbon Scenario Planner** provide insights to reduce emissions.
- **Landscape partnerships** to strengthen forest governance covering areas within our customer sustainability program as well as in sector-wide initiatives such as the Cocoa and Forest Initiative.
- Measuring the monetary cost of GHG to our business with **Natural Capital Accounting.**

For our scope 1 and 2 emissions, we are creating specific climate action plans for each of our cocoa processing facilities as well as looking at ways to reduce emissions from storing cocoa beans:

- Installing **biomass boilers** in over 50% of our cocoa processing facilities to turn waste cocoa shells into energy across our cocoa operations in Ilhéus in Brazil; San Pedro, and Abidjan in Côte d'Ivoire; Tangerang in Indonesia, Jurong in Singapore, Mannheim, Germany and Koog aan de Zaan in the Netherlands.
- Transitioning to **green electricity or renewable energy.**
- Installing solar panels on processing facilities and warehouses.

Scaling up ways to cut GHG emissions from farm activities will remain important for achieving our 2030 natural capital target.

Cutting carbon emissions from on-farm activities

Using climate-smart agriculture to boost farmer incomes and cut emissions

Climate change poses a significant threat to 1.7 million Ecuadorians who depend on cocoa. Approximately 60% of cocoa farmers rely on it as their primary source of income.[1] To tackle some of these impacts on cocoa production in Ecuador, we teamed up with, international NGO Rikolto, and the German Development Agency GIZ (Gesellschaft für Internationale Zusammenarbeit), commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), to promote low carbon and regenerative agriculture techniques to approximately 2,800 farmers, at least 20% of whom will be women. Over three years starting in 2024, training is being delivered through 'field schools' to integrate sustainability principles and practices, such as agroforestry, to help farmers boost cocoa productivity and build climate resilience. Using the data collected, insights will be generated through our award-winning sustainable sourcing solution – AtSource, sharing best practices and learnings with national authorities, including the Ministry of Agriculture and Environment, to help inform national climate policy.

Increasing carbon removals on the farm with circular biomass

One of the biggest causes of carbon emissions from the cocoa farm comes from discarded cocoa pods after harvest, which emit carbon if left in heaps. There are a few ways to process the pods to reduce emissions, from composting and mulching to biochar. This also can have many regenerative benefits, such as improving soil fertility and structure, which helps to prevent erosion and the loss of soil nutrients into ground and surface waters.

In collaboration with LOTTE, Fuji Oil, and MC Agri Alliance, we implemented our first cocoa biochar pilot project in 2024, in Dankwa County, Central Region, Ghana. Discarded cocoa pod husks were converted into biochar through a local combustion technique called the cone pit method in year one to remove carbon from the atmosphere and the biochar was applied in a circle around the base of the tree. The project began in the 2024/25 crop year, with farmers in this first phase being trained on Biochar in field schools, bringing to life the different stages of the process with demonstration plots. A selected number of farmers were also chosen from the group to start implementing biochar, which will be monitored for its soil health impact.

The next phase will expand to include more cocoa plots, and a new community storage shed to house the dried pods needed to make biochar. Carbon sequestration monitoring and measurement will take place over a ten-year period.

Hear from our partner

"Global challenges like climate change and biodiversity loss require collaboration across sectors and stakeholders. Strategic alliances between public and private sectors are crucial for developing and implementing strategies that help farmers adapt to climate crisis. GIZ is joining forces with **ofi** in Ecuador, leveraging their existing relationships with cocoa farmers, and digital tools to improve productivity more sustainably, increase incomes while meeting social and environmental criteria, such as reducing carbon emissions."

Ralf Buss, Project Manager, AgriChains Ecuador, GIZ

Hear from our partner

"Sustainable procuring of cocoa is one of our material business strategies. Recent crop failures in West Africa have underscored its importance. We are convinced this initiative can create a significant environmental impact through collaboration. **ofi**'s advanced expertise in environmental solutions and their strong on-the-ground operational capabilities are indispensable elements in this partnership. Together with **ofi**, we aim to build a sustainable biochar application scheme and make cocoa production even more sustainable."

Keiji Miyano, Executive Officer Corporate Strategy/Sustainability, LOTTE CO., LTD

LOTTE

[1] Ecuadorian Ministry of Agriculture and Livestock. 2019. Report on cocoa yields.

Measuring the value of nature for our cocoa business

Aligning methodology to support carbon reporting for Natural Capital and SBTi

As part of our Cocoa Compass sustainability strategy, we set ourselves the target of reducing our natural capital costs per ton by 30% by 2030, with a 2024 milestone of 10% reduction, all against our 2018 baseline. In 2024, **ofi** announced its overarching strategy —Choices for Change— to align all its business platforms through company-wide sustainability targets, making 2024 an important year in our sustainability journey. As a cocoa business, we continue to report against our greenhouse gas (GHG) Natural Capital reduction target, including global cocoa processing, agriculture, transportation, and sequestration from cocoa and forest trees planted for agroforestry on farms in our sustainability programs. We are also aligning our GHG methodology to support **ofi**'s scope 1,2 and 3 reporting in line with our approved SBTi targets. Key methodological improvements have been made by our Digital Footprint Calculator to enhance the quality and accuracy of how we measure our agricultural emissions, in line with the latest UN Intergovernmental Panel on Climate Change and GHG Protocol guidelines.

Progress towards our Natural Capital target

In 2024, we estimate we have achieved a **12% reduction**[1] (comprising 10% from agriculture, sequestration, and transportation and 2% from processing) i**n total Greenhouse Gas (GHG) related natural capital costs (NCCs) per ton of product output** from our cocoa processing, agriculture, transportation and sequestration, surpassing our 2024 milestone of 10% from our 2018 baseline. Agriculture accounts for 89% of our GHG NCC footprint (excluding sequestration) and is reflected in the weighting when calculating our performance. While the data suggests we are on track for our 2030 target, this is dependent on effective implementation of good agricultural practices by the farmers and the survival rates of trees planted.

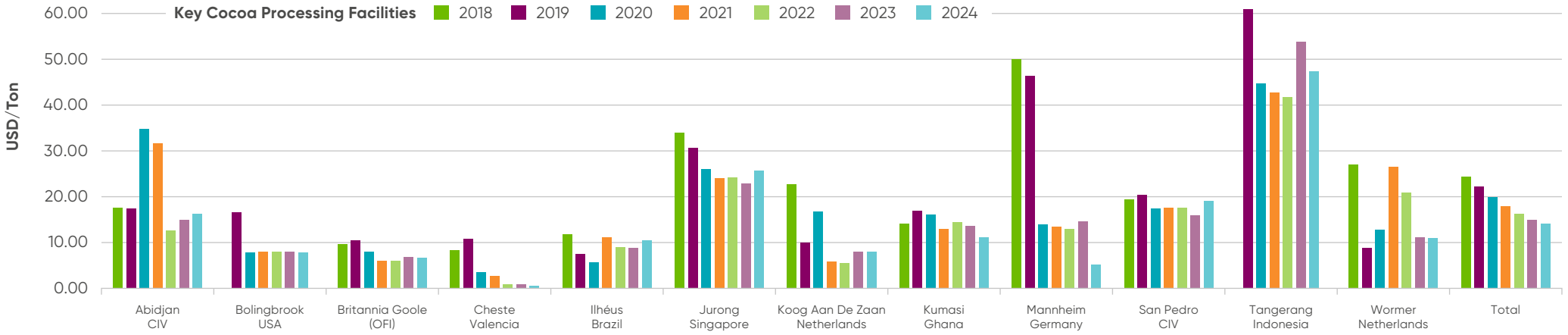
Our progress to date since our 2018 baseline is a result of achieving a 42% reduction in our global cocoa processing GHG -related NCCs per ton of finished product. **Our five European cocoa facilities continue to lead the charge** in these reductions, with **an average 67% reduction in GHG-related NCCs per ton of finished product.** This performance was spearheaded by our facilities in Valencia, Spain, Mannheim, Germany and Koog aan de Zaan in the Netherlands.

In agriculture, we've seen progress in **Land Use Change (LUC) emission reductions in Ecuador, Cameroon, Uganda and notably in Côte d'Ivoire, which has achieved a 21% drop in (LUC) -related NCCs per ton of cocoa beans.** Fertilizer use related NCCs per ton in Nigeria and Ghana were reduced by 71% and 65% respectively. We were able to offset our agricultural NCCs by an average of **USD 94 per ton of cocoa beans annually** through carbon sequestration from cocoa and forest trees distributed to farmers via our agroforestry programs.

Increasing our share of renewable energy in cocoa processing in 2024 (YoY)

We have continued to reduce our GHG processing natural capital costs (NCCs) by a further 6% year-on-year, lowering the cost per ton of finished product from USD 15 to USD 14. One of the main contributors to this is the full operation of the circular biomass boiler in Mannheim. Our cocoa processing facility in Germany reduced its year-on-year GHG-related NCCs per ton of cocoa beans by 64% alongside an 11% increase in volumes. Conversely, our factory in Ilhéus, Brazil, saw an increase of 17% in NCCs due to using more natural gas while its biomass boiler was undergoing maintenance. In Côte d'Ivoire, both the San Pedro and Abidjan factories saw their NCCs increase due to more frequent power outages, which led to greater use of natural gas generators. To support our global cocoa processing sites in achieving further reductions and increasing our share of renewable energy, we are creating specific climate action plans for each site.

GHG Natural Capital Cost from Processing (USD/ton of finished product)



1. Since the 2018 baseline, natural capital costs have reduced from USD470 in 2018 to USD412 in 2024.

Enabling more sustainable growth to reduce GHG emissions from agriculture (YoY)

From 2023 to 2024, we achieved a **1% reduction** in GHG-related Natural Capital Costs (NCCs) per ton, from **USD 449 to USD 443.** While this overall change is modest, we have seen important progress, particularly in **Land Use Change (LUC)**, which dropped significantly in several key supply origins. Overall, **Côte d'Ivoire** led the way with a **9% reduction**, driven mainly by lower LUC-related emissions. Other origins also delivered strong results, with **Papua New Guinea (-26%)** and **Ecuador (-12%)** in LUC-related NCCs per ton. Ghana recorded a 7% reduction in its GHG agriculture NCCs, largely by cutting emissions from fertilizer use and reducing embodied carbon in fertilizer and pesticide production.

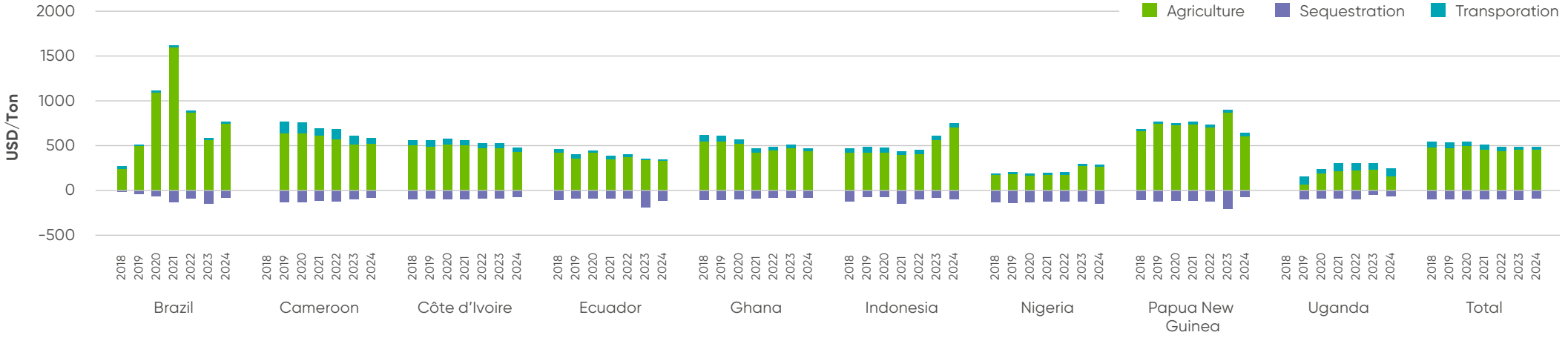
Uganda and **Papua New Guinea** were standout cocoa sourcing countries, each achieving an impressive **30% reduction** in their GHG-related NCCs per ton of cocoa beans. This success was largely due to improvements in crop residue management, which saw related reductions of **42% and 39%**, respectively.

However, not all trends were positive. **Brazil**, after strong progress in 2022 and 2023, experienced a rebound in NCCs, driven by higher fertilizer emissions and a slight increase in LUC-related emissions. Similarly, **Indonesia (+57%)** and **Ecuador (+24%)** saw significant increases in crop residue-related NCCs per ton of cocoa beans.

All three of these countries saw a significant increase in cocoa prices and gains in farmers' earnings and living income in 2023 and 2024. This suggests that farmers have used the increased income to purchase inputs such as fertilizer to boost cocoa production, to capitalize on the higher prices, however, this has had a negative impact on GHG emissions and natural capital.

These results highlight the importance of supporting farmers to adopt more climate-smart and regenerative farming practices, and the **complex challenges of achieving consistent reductions across diverse origins.** They reinforce the need for continued focus and collaboration to support more sustainable growth of cocoa production.

Natural Capital (USD/ton) from Agriculture, Sequestration, & Transportation (2018-2024)



Regenerating the living world

2030 targets

- **15 million** beneficial trees distributed for agroforestry programs (cumulative)
- **1.4 million** hectares under regenerative agriculture
- **Seven** landscape partnerships (active)

2024 progress

- **9.8 million** beneficial trees distributed for agroforestry programs (cumulative)
  - **1.9 million** beneficial trees distributed for agroforestry programs (active) (+20% 2023)
- **Six** landscape partnerships (active)

Progress towards 2030 targets

This is the first year we are reporting against our new and updated targets as part of our alignment to **ofi**'s overarching sustainability strategy. We are now measuring our carbon tree stock goal with the number of trees distributed for agroforestry programs, which shows we are over two-thirds of the way to achieving our 2030 target. We are confident we will be able to distribute the remaining 4.5 million trees through our dedicated sustainability programs by 2030.

We are also tracking our holistic approach, promoting how agriculture and nature can coexist with our landscape partnerships and the number of hectares under regenerative agriculture. Currently, we have six active landscape partnerships globally; however, this number will fluctuate until 2030 as they have a set duration with some due to end before 2030.

The current international donor ecosystem is also experiencing significant changes, with the closure of a major aid agency, which is also having a broader impact on available funding for public-private partnerships. We are exploring alternative partnerships with customers and other aid agencies to assist us in reaching our target and scaling impact.

We are not reporting on our regenerative agriculture target this year due to **ofi** finalizing its regenerative agriculture framework to assess the progress of farmers in our direct supply chain. We're now collecting data on farmers' adoption of regenerative agricultural practices to assess where they are in their journey and will report our 2025 progress in 2026.

Protecting and regenerating nature in cocoa landscapes

Deforestation remains a critical risk in many cocoa-growing countries, driven by factors such as unclear land rights, inconsistent governance, low yields, and poverty, which often push farmers to expand into forested areas. At **ofi**, we combine digital innovation with on-the-ground support to monitor and prevent deforestation, while promoting sustainable farming practices:

- **Global Forest Watch Pro** uses satellite data to send real-time deforestation alerts.
- **Carbon Stock Monitoring Tool**: AI-driven insights into forest cover, tree loss, and the impact of agroforestry and shade tree planting on carbon stocks.
- **Traceability** enables us to track the cocoa using GPS pins or polygons of the farms, as well as record tree planting activities and training on **ofi** Farmer Information System (OFIS).
- **Farmer training** on Good Agricultural Practices (GAP), regenerative agriculture, sensitization on deforestation and on our Agri Supplier Code.
- **Agroforestry** promotes farm intensification to get more from existing land, encourage ownership of the trees and income diversification.
- **Creating landscape partnerships** in our direct supply chain or contributing to industry-wide programs such as the World Cocoa Foundation's **Cocoa and Forests Initiative** to increase community-led forest management and governance structures such as Community Resource Management Area (CREAMA) and landscape management boards, as well as support more sustainable livelihoods.

This holistic approach supports both cocoa farmer livelihoods and landscapes, aligning with **ofi**'s approach to sustainable sourcing and to become forest-positive by 2030, as outlined in **ofi**'s Choices for Change strategy. Find out more in our deforestation action plan here.

Deforestation prevention and remediation process

Stage 1	**All farmers in our direct supply chain are registered on OFIS** so we can track the cocoa procured from those farmers. The location of the farm is recorded using GPS pins or polygons depending on the size of the farm, coupled with digital traceability linked to farm crop limits. All suppliers whether they are direct or indirect must sign our AGRI SUPPLIER CODE, agreeing to specific terms such as not to source or deliver products resulting from the destruction of important habitats.
Stage 2	**Risk assessment** is conducted at landscape and farm level using our Landscape and Farm Deforestation Risk Indices.
Stage 3	**Satellite monitoring:** Using Global Forest Watch Pro alerts and Google Earth Engine, we can monitor our global supply chain for deforestation risks.
Stage 4	**Farmers receive sensitization on deforestation risk,** as well as guidance on how to be compliant with the EU Regulation on Deforestation-free Products (EUDR).
Stage 5	**Farmers are trained in regenerative and good agricultural practices,** such as agroforestry and crop residue management. This supports tree ownership and maximizes farm productivity to disincentivize farm expansion.
Stage 6	**Any deforestation alerts are investigated with ground verification** to eliminate false positives. All verified cases of deforestation after 2020, or confirmed illegal presence inside protected areas, are excluded from supply chain for the European market.
Stage 7	**Multistakeholder landscape partnerships:** Together with partners, we are implementing programs in key strategic landscapes with high conservation value, with the goal of minimizing risks that could put natural ecosystems under pressure and supporting the restoration and protection of these ecosystems.

Co-ownership of landscape governance gives communities a voice

A landscape approach is one of the effective ways to involve communities in the protection of forests. This is built on the foundation of good forest governance, which links the communities with local authorities. One example of this the creation of landscape management boards in the Resilient Ecosystems and Sustainable Transformation of Rural Economies (RESTORE) landscape partnership.

In the Béki-Bossématié and South Tai landscapes in Côte d'Ivoire, **ofi** worked with the Rainforest Alliance and chocolate brands, farmers, community members, including those indigenous to the landscape and local government prefectures, to establish four new Landscape Management Boards (LMBs) to protect forest and wildlife resources. Three have been legally recognized so far through official decrees, including one that has signed an agreement with Ivorian Parks and Reserves Office (OIPR) to undertake trail maintenance in the Bossématié Reserve. Community members also received training on the importance of biomonitoring, how to use the Spatial Monitoring and Reporting (SMART) app and Global Positioning System (GPS) technologies to strengthen ecological data collection and community ownership.

Young[1] LMB members were also trained as digital data enumerators to support forest conservation efforts. The LMBs are co-owned by the community, enabling them to contribute to specific action plans based on a holistic landscape analysis. This approach also enables more women and youth to access technical and financial assistance opportunities to diversify their income. Since their establishment, the LMBs have been a central point for delivering training and resources such as start-up kits on micro-enterprise ventures and livestock rearing, with over 70% of the initial recipients being women.

Hear from our partner

"As part of the RESTORE project in Côte d'Ivoire and Ghana, **ofi** leveraged its expertise and strong relationships with partner cooperatives to effectively implement agroforestry activities and capacity-building initiatives for producers focused on regenerative agricultural practices. Meanwhile, the Rainforest Alliance concentrated on establishing legally recognized Landscape Management Boards and developing income diversification initiatives, particularly for women and youth. Combining **ofi**'s technical expertise with the Rainforest Alliance's community-led approach to landscape governance has enabled us to achieve encouraging results, which are already gaining recognition from key stakeholders."

Nanga KONE, Country Director for Côte d'Ivoire, the Rainforest Alliance

1. **ofi** defines Youth/Young Adults as Individuals aged 15-24

Transitioning to regenerative agriculture

We view regenerative agriculture as an approach to food production that works with nature to build and restore natural capital – such as soil, water, biodiversity, and carbon – both on and around farms, while helping optimize inputs to enhance environmental outcomes. In turn, these improvements can create a positive feedback loop to strengthen farmer livelihoods and resilience over time. **ofi** has developed a regenerative agriculture framework to assess the progress of farmers in our direct supply chain as they implement agronomic practices that can deliver multiple benefits such as yield improvements, reduced GHG emissions and better protection for biodiversity. These practices range from crop residue management and pruning to agroforestry and biochar.

We are collecting data on farmers' adoption of regenerative agricultural practices to assess where they are in their journey, from entry-level to Bronze, Silver, and with Gold representing the most advanced stage. The assessment considers the number of practices adopted and the type of positive impact these can potentially deliver. After this step, we build an action plan for farmers with context-specific priority practices, followed by tailored training and implementation support. Our local teams will then monitor and evaluate progress and share insights with the farmers to improve the outcomes. For more information on the **ofi** Regen Ag approach, contact our Sustainability Impact Team at sustainability@ofi.com.

Scaling agroforestry systems with Nestlé in global partnership

To help farmers transition to regenerative agriculture and agroecological farming, **ofi** and Nestlé have launched a global partnership to support approximately 25,000 farmers to implement agroforestry and crop residue management. Spanning across Nigeria, Côte d'Ivoire, and Brazil, the implementation will happen over a 5-year period, with these activities monitored until 2055. **ofi**'s carbon footprinting experts estimate they can cut carbon emissions by 1.5 million tons of CO2 over 30 years. Farmers also receive financial incentives for planting and maintaining forest trees on the farm.
Find out more here.

Hear from our partner

"People are at the heart of our climate actions. We're working with **ofi** to help farmers transition to climate-smart farming practices, which also enhance their resilience and that of their families in the long term. By supporting a shift towards more regenerative agricultural practices, we can continue to build a more responsible cocoa supply chain and make progress towards our shared climate goals for 2030 and beyond."

Darrell High, Cocoa Plan Manager, Nestlé

Data hub

*Annual figures unless otherwise stated.

	2017/2018 Crop year	2019/2020 Crop year	2021 (Jan - Dec)	2022 (Jan - Dec)	2023 (Jan - Dec)	2024 (Jan - Dec)	23-24 % change calendar	2018-2024 % change
THRIVING COMMUNITIES								
# covered by CLMRS	43,000	183,000	218,000	250,000	249,000	253,000	2.00%	83.00%
# monitored by CLMRS	27,000	74,000	50,000	84,000	114,000	204,000	79%	87%
# identified in child labor	7,000	12,000	12,500	12,300	11,700	13,700	27%	61%
# cases in process of recieving remediation	3,000	8,000	9,000	10,000	9,000	8,400	-6%	180%
# children benefitting from type of remediation or preventative action	14,000	18,000	20,000	36,000	6,000	26,400	304%	89%
# children received education support	18,000	26,000	34,000	90,000	25,000	40,000	62%	125%
# birth certificates	650	2,000	400	4,000	5,700	820	-86%	21%
# classrooms constructed/rehabilitated	95	115	100	160	115	110	7%	14%
# school kits	9,000	18,000	23,000	32,000	23,400	2,900	88%	-213%
# educational funds (cumulative)	9	9	9	9	9	9	0%	0%
# VSLAs	50	700	1,400	1,800	2,000	1,200	-42%	97%
# Amount saved	144,000	1.2M	1.5M	700,000	900,000	2.1M	142%	93%
PROSPEROUS FARMERS								
Number of people who received livelihood support	n/a	n/a	n/a	292,000	353,000	320,000	-8%	n/a
# farmers trained in Good Agricultural Practices	118,000	150,000	174,000	128,000	173,000	257,000	49%	54%
# cocoa seedlings distributed	4.8M	3.1M	2.8M	3.5M	2.1M	1.9M	-9%	-150%
# in premiums paid to farmer groups	27M	38.9M	32.8M	37.8M	39M	32.7M	-16%	2%
# current yield (kgs/ha) (weighted average, by farm area)	585	635	635	720	645	616	-6%	5%
# % productivity change between current year and baseline (weighted average, by farm area)	0		12	11	8	2	20%	2%
# Generated FDPs on OFIS	33,000	76,000	47,000	72,000	131,000	133,040	1.5%	75%
REGENERATING THE LIVING WORLD								
# landscape partnerships	0	0	3	7	6	6	0%	100%
# trees distributed for agroforestry & income diversification	153,000	993,000	1.9M	2.1M	1.9M	1.9M	0%	91%
Cumulative trees distributed for beneficial trees distributed for agroforestry systems	153,000	1.9M	3.9M	6M	7.9M	9.8M	22%	98%
% suppliers mapped by FLRI***	100	100	100	100	100	100	0%	0%
% suppliers assessed to have no deforestation risk	81	80	100	88	92	90	-2%	9%
CLIMATE ACTION								
GHG natural capital cost (USD per ton of finished product)	25	20	18	16	15	14	-6%	-42%
CO2 emissions per metric ton of product output from processing	0.27	0.22	0.20	0.18	0.17	0.16	-6%	-41%
USD per ton natural capital cost from agriculture, sequestration, and transportation	446	452	414	397	391	398	+2%	-11%

*Number under a million, rounded to the nearesrt '000. *Numbers over a million round to one decimal point. ***Figures less than 2,000 are rounded to nearest 1,000. *****Define FLRI and what is mapped (single GPS location of radius around farm).

Partner with ofi to be the change for good food and a healthy future:

Invest in a dedicated sustainable cocoa program with segregated traceability, to help achieve your sustainability ambitions, and;

- Improve the lives of the farmers, their families and communities
- Increase the long-term yield on the cocoa farm with pruning, crop residue management and agroforestry
- Enable farmers' spouses to generate an alternative family income, and support children to attend school

Be a strategic or implementation partner, to provide invaluable resources or technical expertise to make a lasting impact in cocoa growing communities.


choices for
change
ofi
make it real