

TONY'S CHOCOLONELY®



annual **FAIR** report
2023/2024



raising
the bar
.. again!

must be
a sign..



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THE ABCs OF THIS REPORT

breaking new ground with a new book year & new reporting standards

we publish our annual FAIR report to update our stakeholders on the progress of our mission. Starting from 2024, the European Union's (EU) new Corporate Sustainability Reporting Directive (CSRD) requires companies to unwrap and report on their environmental and social impacts. To ensure compliance, the EU has introduced the European Sustainability Reporting Standards (ESRS), which sets the framework for these reports.

At Tony's Chocolonely, we've been committed to transparency since the early days of our existence – we've voluntarily shared our sustainability journey and impact in the cocoa industry via our annual FAIR report (AFR) since 2012. For our annual FAIR report on 2025/26, we'll be legally required to adhere to the CSRD and (re)structure our AFR according to the ESRS.

To get ahead of the game (and step up our own reporting), this year, we proactively began aligning our reporting practices with the ESRS. While we're not CSRD-compliant, we prepared this report with the ESRS framework in mind. Our goal was to integrate as much of the ESRS structure as possible into our 2023/24 AFR, while maintaining the integrity of our existing reporting style. As an impact-driven company, this year, we've made a deliberate choice to prioritize our social chapters and moved them to the front of this report to do right by our mission, changing the order of the ESRS slightly. We continue to report in accordance with the GRI standards using the GRI Universal Standards 2021. Basically, the best bites of both worlds – yummm!

The materiality assessment underlying this report, along with the definitions of key performance indicators (KPIs), can be found [here](#). To ensure the reliability of our statements, the external professional services firm PwC provides limited assurance on the sustainability information in this report and reasonable assurance on the audited financial statements.

We always strive to keep raising the bar in sustainability reporting – leading by example and inspiring others to act. That's why we also included the full deep dive on everything impact in the [Tony's Open Chain Impact Report](#) in our appendix.

This AFR covers both our impact and financial results for the period from October 1, 2023, to September 30, 2024. It was published in January 2025. (And yes, in case you were wondering why we're doing all this mid-year... our book year starts on October 1 and ends on September 30 to align with the cocoa harvest cycle. There's always a good reason behind what we do!)

RAISING THE BAR AGAIN..

Well, that was a year we aren't going to forget in a hurry. I'm thrilled to be sharing our 2023/24 annual FAIR report: an update on the strides we've made towards ending exploitation in cocoa and our journey as a rapidly growing global impact company.

Once again, we've made incredible progress against the three defining pillars of our mission whilst navigating the most challenging cocoa season in living memory with average crop yields across the industry dropped by as much as 20% and cocoa prices reached a record high.



↖ Douglas knows the way

raising awareness

Another year of record growth means more and more consumers are discovering our delicious-tasting products and unwrapping the details behind Tony's mission through our unequally divided bars. With a massive step up in distribution globally, most notably a US national listing in Walmart, it means more and more consumers around the world are engaging with Tony's for the first time. And, with our rate of sale continuing to climb, it seems they like what they see (and taste). Spearheaded by creative and bold campaigns, we continue to punch well above the weight of our hard-earned marketing spend, drawing attention to the inequalities in the cocoa sector – from our Lil' Bits campaigns in multiple key markets to our Fair Alternatives Campaign in Germany, we continue to engage consumers in the issues around exploitation. After all, only when people become aware of the bitter truth behind chocolate will widespread change happen.

leading by example

Each year, we collect more and more evidence that our impact sourcing model (aka Tony's 5 Sourcing Principles) is the key to solving the biggest issues in cocoa. Throughout this report, you can read about the giant leaps we've made

and the very positive trend data that we have on key topics. On the living income front, I'm proud as ever that Tony's and all Tony's Open Chain Mission Allies paid a Living Income Reference Price (LIRP) for 100% of our cocoa. While the world market cocoa prices skyrocketed, this wasn't the case on the ground for farmers, where farmgate prices remained low for most of the season just as yields fell dramatically. Thanks to our approach our partner farmers received on average payments higher than the main crop farmgate price set by the governments for their cocoa: that price was 44% higher in Côte d'Ivoire and 18% higher in Ghana. All of this meant we were able to deliver reliably to our Mission Allies in a market plagued by shortages.

Part of our system change model is proving that Tony's Chocolonely is a commercially successful company. And luckily, we're in good shape with the largest absolute growth in the company's history (for the second year in a row), taking us to €200m (+33% growth versus last year) with substantial growth in all our markets, including the Netherlands (read more about this growth and how we achieved it on [p. 72](#)). We raised further funds from our existing investors to enable investments in our rapidly expanding supply chain and welcomed a new investor on board, too (crunch the numbers on [p. 75](#)). We know we have more to prove when it comes to profitability. But for now, we fully



intend to keep re-investing in accelerating our growth to enable us to keep scaling our impact sourcing model on the ground in West Africa.

inspiring wider change

The most significant turning point across our entire business this year was in Tony's Open Chain – our company that enables other businesses to source cocoa with Tony's 5 Sourcing Principles fully applied. We welcomed 6 new Mission Allies, including Waitrose in the UK and our largest chocolate brand Mission Ally so far, Feastables, in the US (who said giving your sourcing USP to a competitor was foolish? Not us.. read more on [p. 16](#) about why we collaborate on cocoa, even when we compete on chocolate). As a result, we smashed our growth targets with bean orders already placed for next season at over 30mt (bringing us to around 1% of West African beans, well on our way to our ambitious 5% target). For context: that's a step up of 66% versus what we delivered in the 2022/23 season. Why? As well as being a one-stop solution for a complex crop, our ever-improving data set shows the positive, tangible impact on the ground for partner farmers and their families. This compelling combination means strong interest from many more brands and Mission Allies ([p. 20](#)). All of this has meant a step change to our sourcing scale and capabilities (read all about our expansion to 19 partner cooperatives on [p. 19](#)), meaning next book year 34k cocoa farmers will be positively impacted by the many interconnected benefits of Tony's 5 Sourcing Principles.

I'm inspired by and thankful for the Herculean work that Team Tony's, our Mission Allies and all our partners have delivered to make this happen. There is so much passion for and belief in what we are doing and the wide-scale change that is possible, that our team and partners always find a way to overcome the inevitable challenges thrown in our path by such rapid growth. It is truly exciting to be part of this journey. I have a stronger conviction than ever that, if we act together as an industry, we really can end exploitation in the cocoa sector. So, with the evidence stacking up that our approach works, is scalable and commercially successful – what are you waiting for? Read all about it in this annual FAIR report and join our mission!

Choco cheers,
Douglas

**WE'RE GROWING
OUR IMPACT
AND OUR
BUSINESS,
HAND-
IN-HAND**

LOOKING BACK..

OUR YEAR
AT A GLANCE

We set goals and targets to keep track of the progress we're making when it comes to our mission. These 'Key Performance Indicators' (KPIs) help us measure progress and identify areas for improvement. Here's an overview of our KPIs this year:

WHAT WE'VE ACHIEVED IN 2023/2024

20,296
FARMERS
IMPACTED



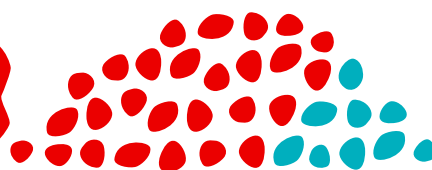
10

PARTNER
CO-OPS

we have long term
agreements with

that's 1
more
than in
2022
/23

17,690 MT
BEANS SOURCED



€200.1M
REVENUE

33.22%
GROWTH

40.50%
GROSS
MARGIN

AMOUNT
OF LIVING INCOME
REFERENCE PRICE
(LIRP) PAID



Côte
d'Ivoire
€2,200

Ghana
€2,005

cocoa-growing
households
participating
in the CLMRS

20,257

The Child Labor Monitoring and
Remediation System is embedded in our
supply chain to identify, address and
prevent child labor.

100% OF OUR
BEANS ARE:

1,544
CASES
FOUND



1,718
CASES CLOSED



closed case =
the child is
out of child
labor

traceable
to our
farmers



bought
at a
higher
price



from GPS
mapped farms

CHILD
LABOR
PREVELANCE
RATE

8.3%

at all
partner
co-ops



3.9%

at
longer-term
partner
co-ops



6 NEW
MISSION
ALLIES

leading to 20 Tony's
Open Chain Mission
Allies in total
(including Tony's)

Farms GPS
mapped and
assessed against
protected areas

100%

general

FROM MISSION TO ACTION

together, we'll end exploitation in cocoa

The central issue in cocoa – the willful exploitation of people and land – has led to widespread cocoa farmer poverty, 1.5 million children working in child labor and extensive deforestation across West Africa¹. These issues have been embedded in the industry for many decades without much progress. But that needs to change and that's why Tony's Choccolately exists.

As we outlined in [last year's AFR](#), we've expanded our focus beyond the original scope of our 100% slave-free mission to commit to a wider mission promise, "Together, we'll end exploitation in cocoa". If we want to deliver systemic change, it's clear from the work we've done so far that we need to tackle all the interconnected elements of exploitation holistically.

Our approach is about transforming the industry from within. And we won't be satisfied until exploitation across the entire cocoa sector is a thing of the past. That's a pretty bold ambition for a relatively small player in the industry. So, what does it look like in practice?

Our change model has three main strategic pillars that sum up what we do, (see the diagram on the following page). Throughout this report, you'll find many references to these strategic pillars as they guide our decision-making and priorities. Everything we then do in line with these pillars is how we make change happen in practice (some of the most important things are outlined below as well).

What is for sure is that this didn't all come together perfectly from day one. It's been a nearly 20-year labor of l.o.v.e. to get us to where we are today (and we're still faaar from the finish line). Given our limited resources and the scale of the challenge to change a whole industry, we've had to take a step-by-step approach.

WHY?

our mission
promise

WHAT?

our key
strategic pillars

HOW?

stuff we do

**TOGETHER,
WE'LL END
EXPLOITATION
IN COCOA**

TONY'S CREATES AWARENESS

**TONY'S LEADS BY
EXAMPLE**

**TONY'S INSPIRES
TO ACT**

damn tasty, unevenly
divided chocolate

bold story telling to make
our mission resonate

Tony's 5 Sourcing Principles for all of
Tony's chocolate – raising the ceiling

safeguarding Mission Lock and B Corp
certification to set a high standard

grow fast, grow profitably
to show model works

Tony's Open Chain sells beans via
Tony's 5 Sourcing Principles
to others = more impact + proof

work with retailers as the gatekeeper
to ethical consumer choices

work with governments and regulators
to raise the floor on standards

Source: NORC Report, 2020

building Tony's 5 Sourcing Principles (aka our sourcing model)

Our first step was to design and deliver a sustainable sourcing model that works in practice and at scale on the ground in West Africa. That's a lot easier said than done. We spent the last 19 years – and a significant chunk of our resources – designing, building, refining and re-building that model. We've been very committed to transparency along the way, openly collecting and sharing the data to prove what works and what

still needs improving (spoiler alert: that's what this annual FAIR report is all about).

We call this model Tony's 5 Sourcing Principles. And now that we feel we are well on our way to proving that child labor in cocoa is solvable through this

model we're more impatient than ever for change. When we say we're an impact company first, putting these principles as our No 1 priority as a business is what we mean. Tony's 5 Sourcing Principles are designed to tackle the root causes of exploitation in cocoa – poverty. And this starts with paying farmers a living income price for their cocoa.

To really sink your teeth into the principles as well as the evidence that shows they're working, head to the Tony's Open Chain Impact Report [p. 19](#).

The second step (aka where we are now) has been all about testing that our sourcing model works at an ever-increasing scale. Our vision was never about building a small proof of concept and leaving it at that. It's always been about building a model that the whole sector can adopt. So how do we do that? In short, we need volume (lots of it) to stress test the model as we source more and more cocoa from more and more farmers.



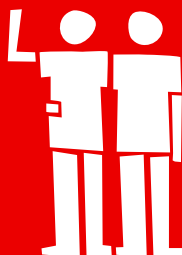
TRACEABILITY

Knowing the farmers we source cocoa from and engaging in direct relationships with partner cooperatives means understanding bean origins, producers and related social and environmental factors, which are all vital to taking responsibility and driving meaningful change.



A HIGHER PRICE

Supporting cocoa farmers in achieving a living income and sustainable farms requires paying higher cocoa prices. These higher prices are set according to Fairtrade's Living Income Reference Price (LIRP) for cocoa.



STRONG FARMERS

Collaborating with partner cooperatives to improve professionalised farming practices and implement strong farming businesses. Collective action among cocoa farmers helps address and transform inequalities in the cocoa sector.



THE LONG TERM

Establishing long-term commitments to work together with cocoa farmers and partner cooperatives to address challenges and plan for the future.



QUALITY AND PRODUCTIVITY

Investing in agricultural knowledge and skills, as well as organising labour brigades via partner cooperatives enhances cocoa quality and yields, boosting farmer income and preventing deforestation.

WHAT BEING AN IMPACT COMPANY FIRST ACTUALLY MEANS

No. 1 priority is to build, prove and scale an impact led sourcing model that could be adopted by the whole industry.

TONY'S 5 SOURCING PRINCIPLES

 **TRACEABILITY** +

+  **A HIGHER PRICE**

 **STRONG FARMERS** +

+  **THE LONG TERM**

 **QUALITY AND PRODUCTIVITY**



more chocolate sales = more cocoa beans being sourced via Tony's 5 Sourcing Principles = more impact for cocoa farmers



enabling other businesses to source cocoa with Tony's 5 Sourcing Principles fully applied

Tony's Chocolonely: an impact company that makes chocolate

That's where our mouthwatering chocolate comes in. Whilst we'll always be impact-led, the growth and financial performance of our brand, Tony's Chocolonely, is vital.

Firstly, more chocolate sales = more cocoa beans being sourced with Tony's 5 Sourcing Principles applied (which, if you've been paying attention so far, = more impact on the ground for farming families.

Secondly, we're a company, not a chocolate distribution charity. To deliver on our ambition to inspire others to act and end exploitation in the cocoa sector as a whole, we need a serious change in behavior from other companies in the industry. And we know that shift won't happen if we can't prove the financial case for change, along with the operational and moral cases for change. We're here to demonstrate it's not just the right thing to do but the smart thing to do. Whether you like it or not, that's the way the cookie crumbles and how impact companies deliver real and lasting change at scale.

If you take one thing from this report (and the success we're having), we hope it's that sourcing sustainable cocoa – and paying the premium costs that it takes to do that – doesn't prevent anyone from being a globally scaled, successful company, that is able to build a bold brand and attract (and retain) great, values-led talent, all of which is a virtuous circle for ongoing success.



the 5 key players

At Tony's, we identify key players who carry responsibility to change the norm in cocoa.

Tony's Open Chain: our company that shares our sourcing model

As it turned out, creating a demand for cocoa from just our own brand wasn't enough. Far from it. In 2019, we came to the realization, that if we were serious about industry-wide change and accelerating the positive impact for cocoa farming families, going at it alone and being choco-lonely just wasn't going to cut it. We had to face the bittersweet reality that, even though we believed in our model, we weren't going to be able to prove quickly enough that it could be effective at large scale (let's not forget: sourcing 5% of West African beans is our next big goal).

That's where Tony's Open Chain comes in – our company that enables other businesses to source cocoa with Tony's 5 Sourcing Principles fully applied. This enables companies from all over the world to source their cocoa exactly the same way we do, with Tony's 5 Sourcing Principles fully applied, paying the exact same premiums and costs as Tony's Chocolonely. We call them Mission Allies.

So why, you ask, would we share our sourcing model at on-par costs with everyone, even with our direct competitors? Heck, why would anyone even dream up such a salty idea!? Because, as an impact-led company, we strongly believe the only way to change the exploitation of West African cocoa farming families and rainforests is if we all collaborate closely in the supply chain and leave the competing to when we arrive on the supermarket shelves (read more about our 20 Mission Allies in the Tony's Open Chain Impact Report on [p. 66](#)).

The Chocolonely Foundation:

Now, there are some wider cocoa community challenges that we can't (and probably shouldn't) fix through Tony's Open Chain. However, as a B Corp, we believe we have an additional responsibility

beyond sourcing to put back into the communities from which we source. That's why, on top of all the work we do through Tony's 5 Sourcing Principles, we also give 1% of our revenue to The Chocolonely Foundation. The foundation looks to support cocoa farming communities in West Africa in ways beyond our impact by sourcing sustainable cocoa.

The Chocolonely Foundation runs as a standalone charity with its own goals (read all about their community development support on [p. 47](#)). What's critical to say at this point is that this work is the cherry on top of what we do to tackle the root causes of exploitation in cocoa, not instead of it. Too many cocoa-sourcing companies dress up charity programs as their sustainable sourcing models, peppered with PR and sweetened with sustainability claims. This is both morally wrong and misleading for consumers. As companies, we have a responsibility to tackle the root causes of exploitation through sourcing models that ensure scalable and lasting change while recognizing our moral duty to enhance this impact through charitable contributions.

our governance model: our Chiefs, Supervisory Board & Mission Lock

The responsibility to set a three-year strategy, build a talent model and execute all of that year-over-year, day-after-day sits with Tony's Chiefs and extended leadership. Led by Douglas,

our Chief Chocolonely, each leader has a specific functional or geographic leadership responsibility. Our leadership then has formal oversight from two key groups: Tony's Supervisory Board and Tony's Mission Lock.

Tony's Supervisory Board is responsible for formally approving multi-year strategies, annual budgets and major policy changes. Tony's Chiefs meet with the board quarterly to review progress and plan ahead. The board includes key shareholder representatives and experts. For more on the Supervisory Board, hear from its Chairman, Erik Bras, on [p. 62](#).

With Tony's Mission Lock 2023, three Mission Guardians now safeguard Tonys mission. They must approve any legal changes to the mission and address concerns about practices that conflict with the mission and Tony's 5 Sourcing Principles. Learn more about Mission Lock and Chair Seth Goldman on [p. 66](#).

general COCOA'S 3 BIG PROBLEMS

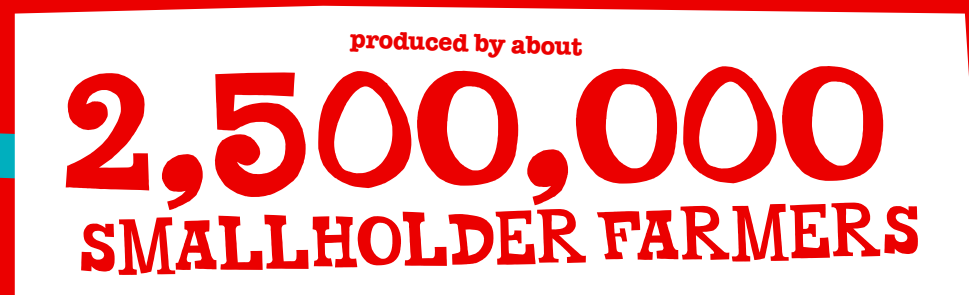


Building on our founding mission, our impact promise ‘together, we’ll end exploitation in cocoa’ looks to address all forms of exploitation in the cocoa supply chain. This isn’t just geared towards the cocoa we source, but all cocoa around the world. The bitter truth behind chocolate? Millions of cocoa farmers are still living in poverty.

The cocoa sector is choc-full of human rights violations and environmental depletion. In this chapter, we’ll break down some of these issues. But first.. a little context:

More than 60% of the world’s cocoa is produced by around 2.5 million smallholder cocoa farmers in Côte d’Ivoire and Ghana. These smallholder farmers are majorly underpaid for their cocoa (see [p. 34](#) on living income). All the while Big Choco (aka the industry’s major players), rakes in billions in profits whilst systemically failing to address the inequalities in the supply chain. Things are so bad that most West African cocoa farmers are not able to earn a living income by cultivating and selling their cocoa.²

The systemic underpayment of cocoa farmers is exploitation. Which drives them into poverty, forcing them to turn to illegal labor practices – especially child labor – and deforestation. This leads to more exploitation in a vicious and avoidable cycle.



living income

In Côte d'Ivoire, the estimated living income is 298,983 Ivorian CFA Francs (€458) per month and in Ghana 2,324 Ghanaian Cedis (€134) per month.³ A recent Fairtrade study reporting on a Living Income Learning project estimated that a gut-wrenching 82% of surveyed cocoa farmers in Côte d'Ivoire and Ghana did not earn a living income, meaning poverty is widespread.⁴ A hard pill to swallow, if you ask us.

Sink your teeth further into the living income topic in the Tony's Open Chain Impact Report [p. 29](#).



child labor

At Tony's, we work to eliminate all forms of illegal labor in the cocoa supply chain, including child labor. In Côte d'Ivoire and Ghana, 1 in every 2 children in cocoa-growing households is engaged in child labor. Let that sink in. This translates to 1.56 million Ghanaian and Ivorian children involved in child labor.

And 95% of these children (~1.48 million) do dangerous work – like handling sharp objects, such as machetes, or lifting heavy loads.⁵

Get the low-down on child labor in the Tony's Open Chain Impact Report on [p. 47](#).



Source: NORC Report, 2020

³) LICOP, June 2022

⁴) Fairtrade International, 2023a; Fairtrade Living Income Progress Report, 2023

⁵) Latest NORC Report, 2020



deforestation

Another consequence of the widespread poverty among cocoa farmers is that they're left with few options but to try to make more money by producing and selling more cocoa. Clearing land for this can result in cocoa trees being planted in protected areas, leading to cocoa trees replacing forests. Crunching the numbers on this: deforestation is widespread in West Africa, with Ghana estimated to have lost 65% of its forest cover, while Côte d'Ivoire has lost as much as 90% over the last 30 years.⁶

Read more about deforestation on [p. 60](#) and [p. 42](#) of the Tony's Open Chain Impact Report.



Source: Mighty Earth, 2022

So, what're we doing about it? At Tony's, we're working to eradicate these issues in the cocoa sector. We envision a future where cocoa farmers earn at least a living income and children go to school, learn and play. And where deforestation is a thing of the past.

general

THE BUILDING BLOCKS OF OUR IMPACT BIZ

Tony's Open Chain – our company that shares our sourcing model

After more than two decades of discussions on sustainability in the cocoa sector, Tony's is impatient for real change – lasting, systemic change. Tony's Chocolonely is the founding Mission Ally of Tony's Open Chain. Tony's Open Chain enables companies to take responsibility for their cocoa supply chain via Tony's 5 Sourcing Principles.

Tony's 5 Sourcing Principles

Tony's 5 Sourcing Principles are a farmer-first approach prioritizing human rights and environmental protection in cocoa sourcing and purchasing. How? By fostering long-term change and establishing more equal business relationships with cocoa partner cooperatives in Côte d'Ivoire and Ghana.

- **Traceability:** Knowing the farmers we source cocoa from are and engaging in direct relationships with partner cooperatives means understanding bean origins, producers and related social and environmental factors, which are all vital to taking responsibility and driving meaningful change.

- **A higher price:** Supporting cocoa farmers in achieving a living income and sustainable farms requires paying higher cocoa prices. These higher prices are set according to Fairtrade's Living Income Reference Price (LIRP) for cocoa.

- **The long term:** Establishing long-term commitments to work together with cocoa farmers and partner cooperatives to address challenges and plan for the future.

- **Strong farmers:** Collaborating with partner cooperatives to improve professionalized farming practices and implement strong farming businesses. Collective action among cocoa farmers helps address and transform inequalities in the cocoa sector.

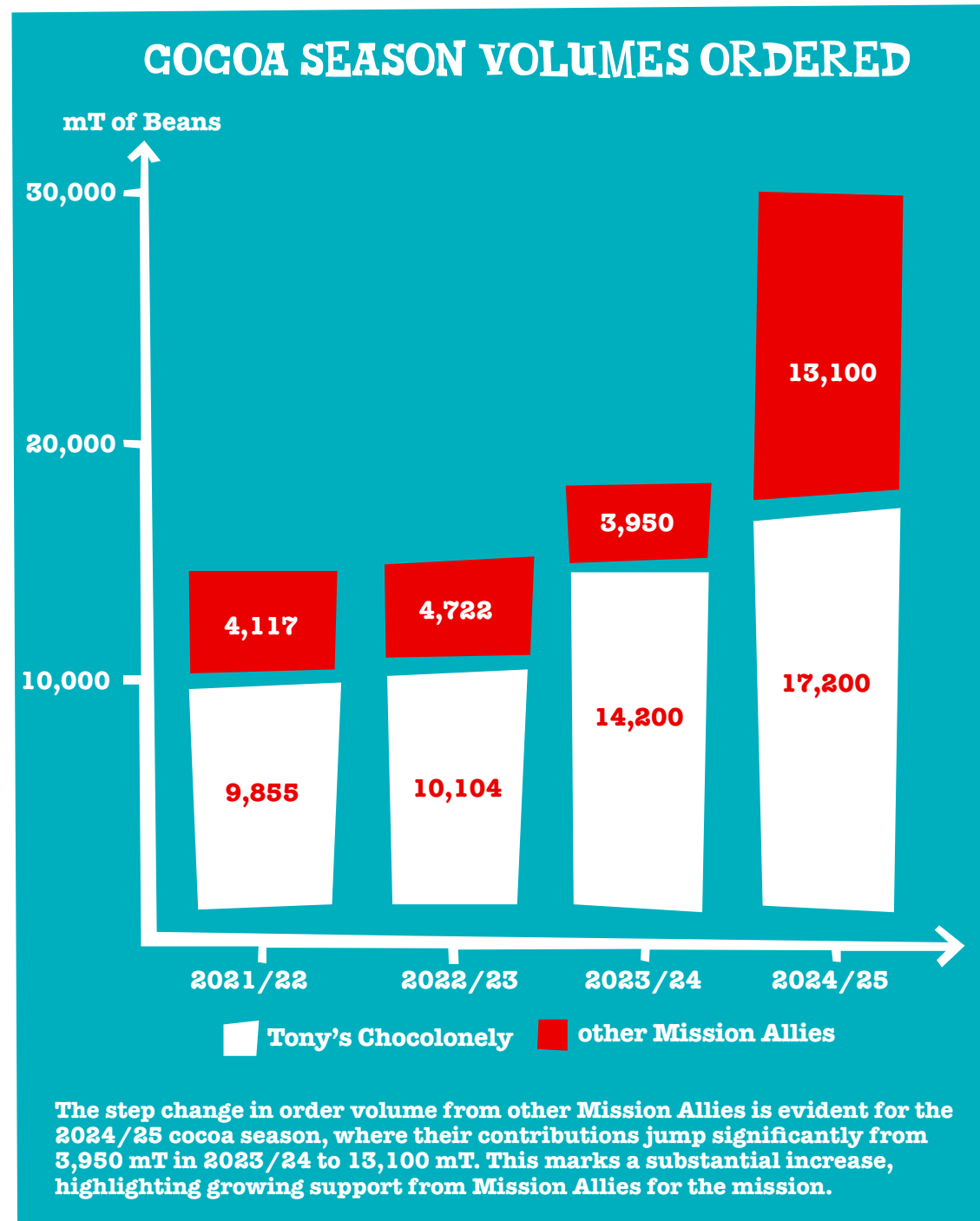
- **Quality & productivity:** Investing in agricultural knowledge and skills, as well as organizing labor brigades via partner cooperatives enhances cocoa quality and yields, boosting farmer income and preventing deforestation.

MORE BEANS = MORE IMPACT

Increased cocoa bean volumes are a key driver for sector change when sourced in line with Tony's 5 Sourcing Principles over multiple seasons. During the 2023/24 cocoa season, cocoa was scarce. Nevertheless, Tony's Open Chain collectively **sourced 17,690 metric tons of cocoa beans** of which 12,232 metric tons were sourced by Tony's Chocolonely alone.⁷ What's more, we delivered 97% of volumes to customers, an incredible feat considering the challenges we faced.

Increasing bean volumes enables lasting change, and all Mission Allies play a vital role in driving demand. Real progress can only be made together.

The step change in order volume from other Mission Allies is evident for the 2024/25 cocoa season, where their contributions jump significantly from 3,950 mT in 2023/24 to 13,100 mT. This marks a substantial increase, highlighting growing support from Mission Allies for the mission.



⁷) KPI 13: # tons of cocoa sourced via Tony's Open Chain

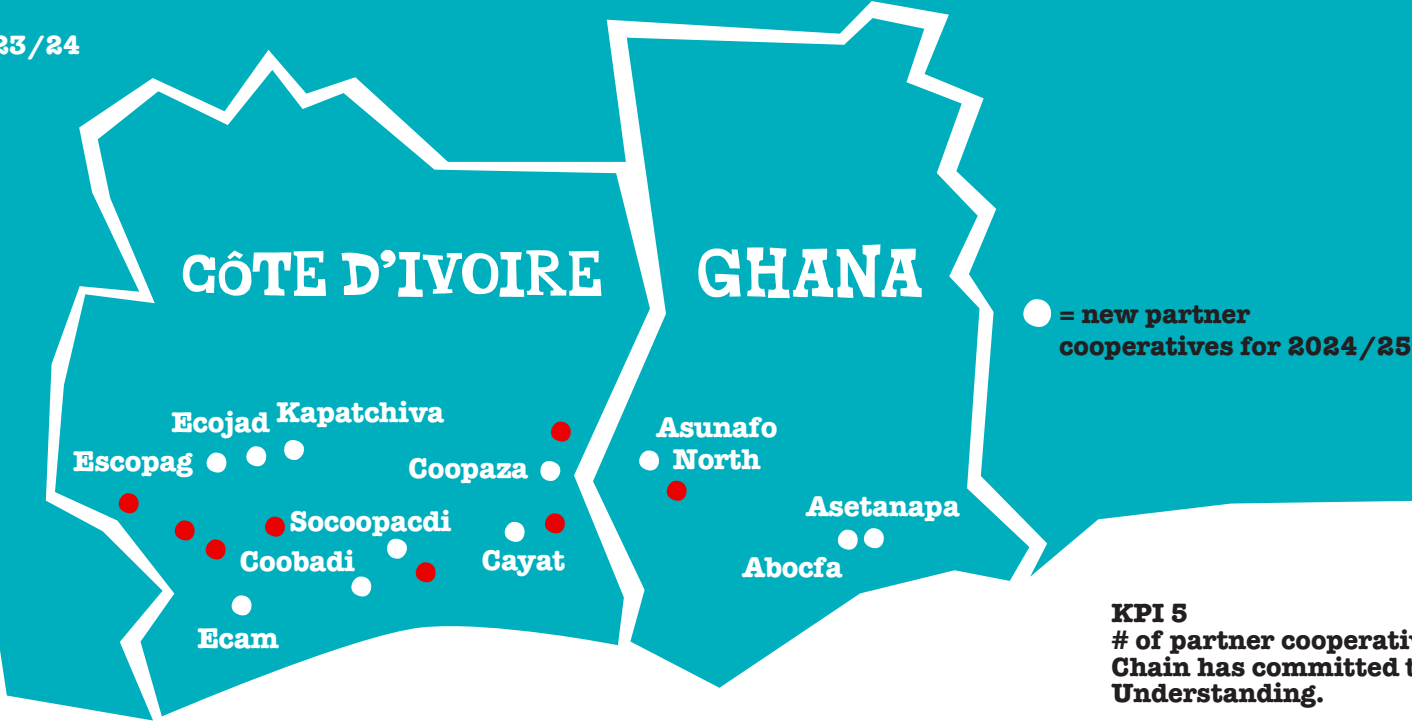
traceability is key to taking responsibility

Operational, social and environmental traceability are essential to Tony's Open Chain's commitment to transparency and accountability throughout the cocoa supply chain. Whereas traceability for other industry players is as low as 40%, the below diagram highlights our **100% traceable cocoa flow**, from bean to processor.⁸ For more details, chomp down on the Tony's Open Chain Impact Report ([p. 21](#))

8) KPI 8.1: % of cocoa beans that are delivered for Tony's Open Chain Mission Allies to their processor, that is traceable to farmers via Tony's Open Chain partner cooperatives



map of all partner cooperatives in 2023/24



partner cooperatives & cocoa farmers

The Tony’s Open Chain model is anchored in a cooperative-centric approach. Our approach fosters a credible and scalable approach, with Tony’s Open Chain having long-term agreements with 10 partner cooperatives in 2023/24.

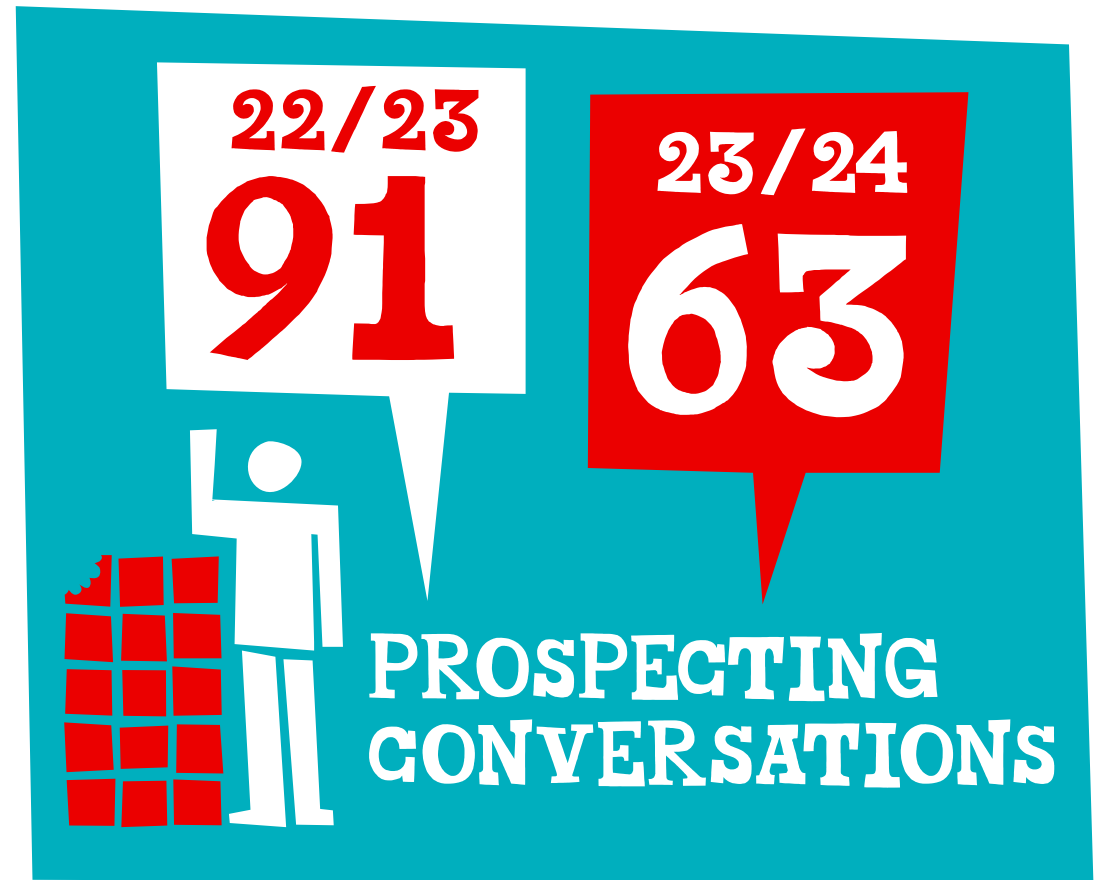
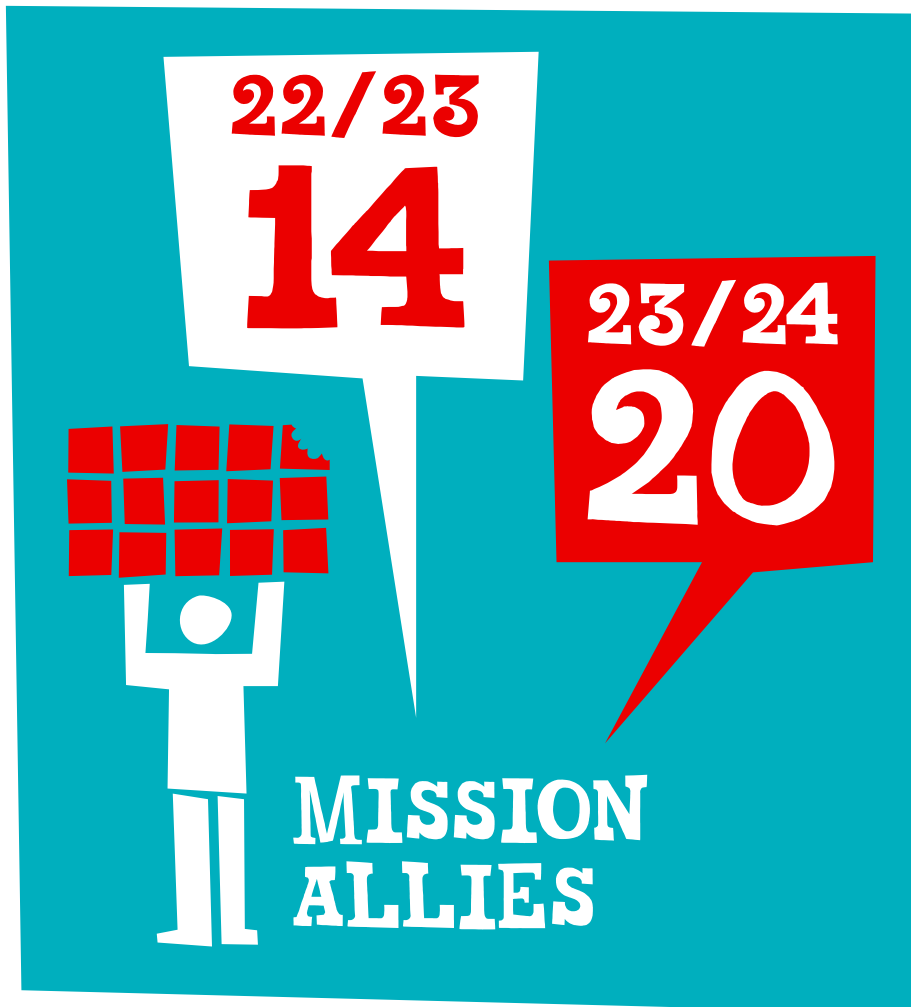
In 2024/25, we are working towards long term agreements with 19 partner cooperatives in total. Our partner cooperatives, owned and run by cocoa farmers, are key to ensuring safe and sustainable cocoa farming. They serve as a crucial and direct link between cocoa farmers and Tony’s Open Chain.

KPI 5
of partner cooperatives with whom Tony’s Open Chain has committed to a 5-year Memorandum of Understanding.

		Coopaza
	Cayat	Cayat
	Esopag	Esopag
Kapatchiva	Kapatchiva	Kapatchiva
Ecojad	Ecojad	Ecojad
Ecam	Ecam	Ecam
Abocfa	Abocfa	Abocfa
Asetenapa	Asetenapa	Asetenapa
Asunafo	Asunafo	Asunafo
Socoopacdi	Socoopacdi	Socoopacdi
2021/22	2022/23	2023/24

KPI 16

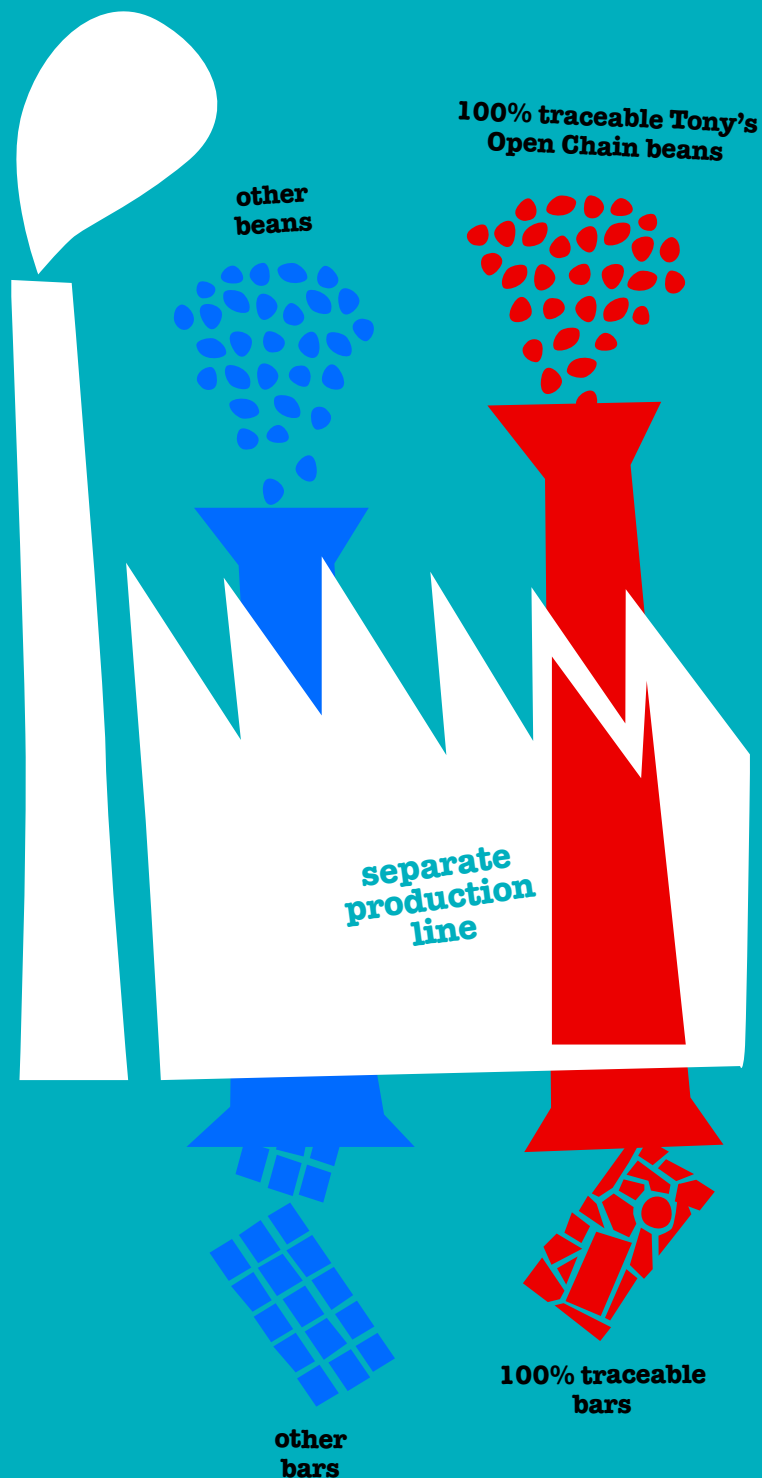
of Tony's Open Chain Mission Allies (MAs)
and Tony's Open Chain conversations with Potential
Mission Allies (PMAs)

**the Tony's Open Chain Mission Allies**

Tony's Open Chain is proving that this sustainable way of sourcing cocoa is replicable and scalable across the industry. The way we, Tony's Chocolonely, see it, the more, the merrier!

Munch on even more Tony's Open Chain details and digits in the Tony's Open Chain Impact Report in our Appendix on [p. 66](#).

KPI 8.3 % of cocoa in Tony's Chocolonely's couvertures/ liquid chocolate traceable up to farmers via Tony's Open Chain partner cooperatives



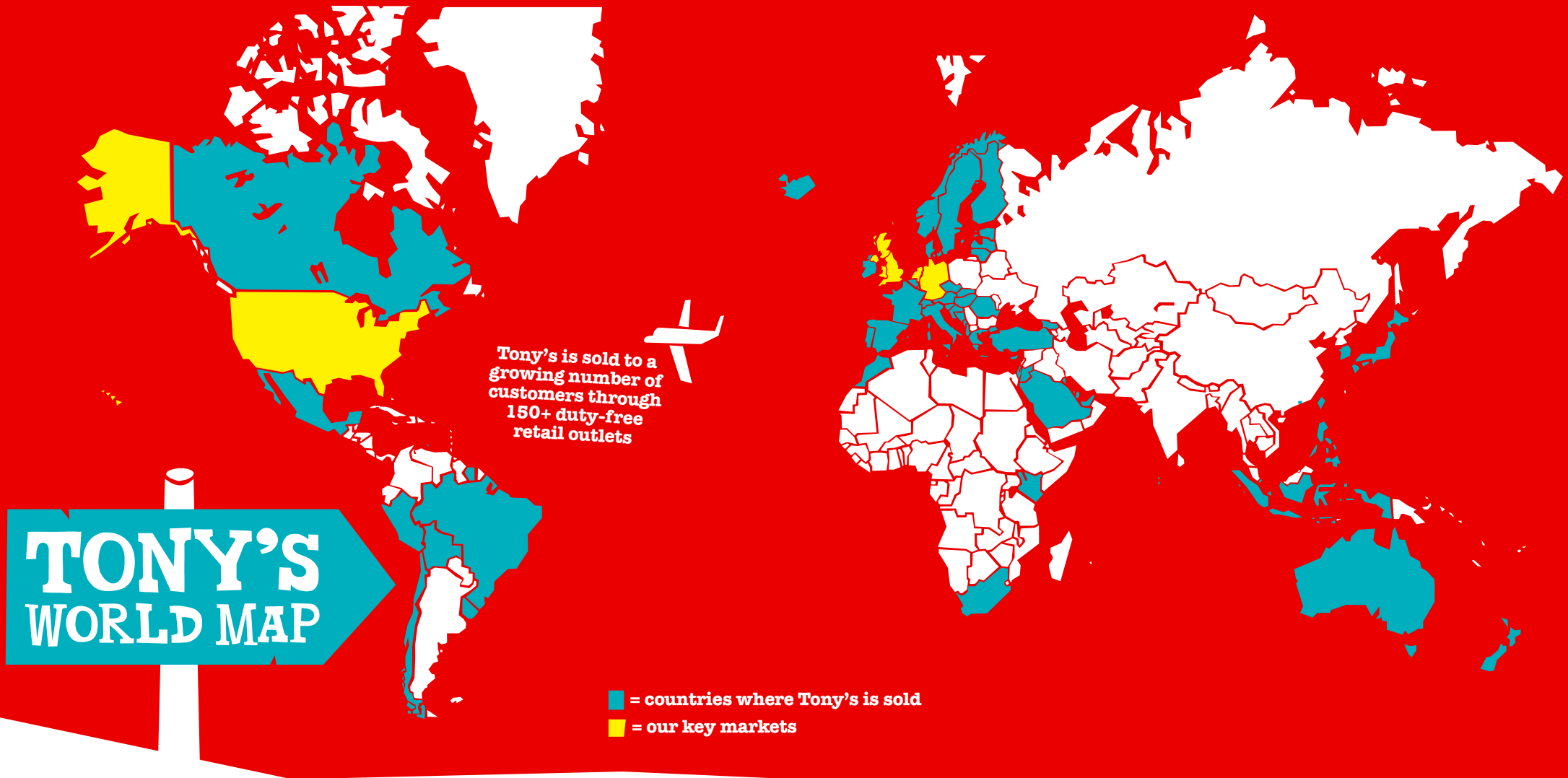
tracing Tony's Chocolonely's cocoa from bean to bar

Traceability is key for taking responsibility. Once you have traceable cocoa the next step is to turn it into traceable chocolate. As the founding Mission Ally of Tony's Open Chain, our Tony's Chocolonely beans have also been processed in a segregated manner since 2012.

making chocolate, the right way

This year, we've gone even further to ensure transparency. While 100% of the cocoa in Tony's Chocolonely's liquid chocolate was already traceable to Tony's Open Chain partner cooperatives, we now extend this traceability all the way to the individual farm level.

This improvement provides more granular insights into farm operations and deliveries, allowing us to better understand cocoa production circumstances, reinforce our deforestation-free claims, and strengthen our commitment to sustainable and transparent practices.



market share total
(chocolate) bars

16.5%



market share
total (chocolate)
premium bars

6.2%



market share total
(chocolate) bars

3.1%



market share total
(chocolate) bars

1.3%

As Tony's is committed to changing the industry from within, we work with big-name partners like our processor, Barry Callebaut, who manufactures the couverture (liquid chocolate) for our products. This is a highly capital-intensive process. At Tony's, we decided to partner up rather than build it ourselves in order to ensure that other chocolate brands and private labels could have access to end-to-end segregated processing for liquid chocolate.

After our cocoa beans are transformed into chocolate, they're shipped to our very own factory, De Laet International, in Wieze, Belgium, and to our 7 co-manufacturers to make Tony's bars (& more). In the summer of 2023, we've added our latest co-manufacturer, World Finest Chocolate in Chicago, USA. This is a major step forward for us as we're trying to reduce the logistical and planning costs involved in getting 100% traceable chocolate to Choco Fans in the US.

playing it safe with food safety

It's a no-brainer that we want our chocolate to be safe for everyone to love, enjoy and consume. We have a Food Safety plan in place to ensure that all Tony's Choclonely products comply with all relevant food safety regulations and pose no risks to consumers. Our co-manufacturers' production facilities adhere to the latest food laws and are subject to quality controls enforced by regulatory authorities in both the EU and the US. What's more, Tony's Quality Team is dedicated to ensuring a high quality of our products in every market we operate.

our markets at a glance

We're thrilled to share that our chocolate is enjoyed worldwide. This year, we've distributed over 82 million bars in more than 60 countries.

Strategic markets like the Netherlands, USA, UK, and Germany hold a special place for us. These are the strategic regions where our journey began or where "Big Choco" is firmly rooted. In these key locations, you'll find us deeply embedded, with offices in Amsterdam, New York, London, and Hamburg. From these bases, we drive our distribution, amplify our mission, and connect directly with our customers, contributing to over 88% of our total sales. Here, we closely monitor crucial KPIs, including brand awareness, issue awareness and market share. If you want to know more about their performance over the last year, see [p. 77](#).

But our ambition doesn't stop at these

borders. We've also established direct customer relationships in neighboring markets, such as Austria, Belgium, Sweden, Denmark, Norway and Finland, where we actively build brand presence and awareness.

In other regions, like Ireland, France, Portugal and Spain, we collaborate with select distributors to promote our story and deliver our chocolate. Further afield, we partner with an export network to work with distributors and retailers, ensuring our bars are available in an ever-growing number of countries around the globe.

general

TRANSPARENCY & ACCOUNTABILITY TALKING THE TALK

In a world where companies often hide behind vague promises and distant goals, we're committed to showing real action, grounded in accountability.

And it's not just our word on the line. External professional services firm PwC reviews the sustainability information in this report, providing limited assurance and audits our financial statements with reasonable assurance, adding credibility and reliability to our claims.

red bar/blue bar: Tony's Materiality Matrix

We updated our materiality analysis last book year through external surveys of key stakeholders' perceptions, including multiple stakeholder groups, such as employees, cocoa farmers, Choco Fans (consumers), customers (retailers), suppliers and Mission Allies, and an internal impact assessment. This process helps us identify and cover major economic, social and environmental topics in our strategy and reporting. This analysis underpins the reporting in our AFR, providing a platform to discuss past and present challenges and our commitments to people and the planet. While we did not conduct new stakeholder surveys this book year, we did limited updates to the current materiality assessment. For 2023/24, we validated the ongoing relevance of our materiality assessment through continuous engagement with key stakeholders. To pick 'n' mix more details, see Appendix on [p. 118](#)).

Looking ahead, we're planning a CSRD-compliant double materiality assessment in 2025. Wohoo! This assessment will form the basis of our future reporting and serve as a means to reassess our sustainability strategy. Onwards and upwards we gooo..

external frameworks

We exist to change the norm in cocoa. This goal encompasses many different aspects that are often intertwined and extend far beyond cocoa. That's why we embed external frameworks into our business practices to support and guide us in realizing our mission. We're proactively working on:

the United Nations' Sustainable Development Goals (alias the notorious SDGs)

We align our goals with the United Nations' Sustainable Development Goals (SDGs), using them as a blueprint for peace, prosperity, people and the planet. They address the complex challenges faced by cocoa farmers, their families and those forced into illegal labor. For instance, we align closely with SDG 1 by actively fighting poverty, which is the root cause of many issues in the cocoa industry. We encourage governments to develop policies that protect human rights and the environment. Through Tony's Open Chain, we aim to set a new industry standard and serve as an inspiration.

B Corp – business as a force for good

We became a B Corp in 2013, making us the first European chocolate company and the second company in the Netherlands to do so. B Corps aim not just to limit negative impacts but to improve their industries. The rigorous B Corp assessment guides us on where to improve. Certification is a

step, not the end goal; companies must keep progressing over time.

our best-ever B Corp score

In 2022, we scored 125 points, receiving commendations in the purpose, transparency and ethics categories. This result reflects our commitment via Tony's 5 Sourcing Principles, which include paying a living income reference price, securing long-term contracts and sourcing 100% traceable beans. Our current score is 'outstanding' (100-149 points), which we're aiming to achieve again in our upcoming B Corp assessment (2025) even though the bar has been

raised on the standards and our scope has evolved to include our own manufacturing now we have brought some of this in-house.

navigating sustainability legislation

We believe the evolving landscape of sustainability legislation – from the CSRD to the Corporate Sustainability Due Diligence Directive (CSDDD), and the EU Deforestation Regulation (EUDR) – goes beyond compliance. We actively lobby for these frameworks p. 68) because we see them as critical tools for driving real change. While we may not always fall under the scope of every directive, like the CSDDD, we champion these regulations because they help hold the entire industry accountable and push for better practices across the board. For us, it's not just about ticking boxes; it's about being part of a movement that aligns with our efforts to make the chocolate industry fairer and more sustainable.

SDGs we are proactively working on



SDG 1: No poverty – ending poverty is the only way we'll eliminate illegal labor in cocoa



SDG 2: Zero hunger – cocoa farmers shouldn't struggle to feed every member of their households



SDG 8: Decent work and economic growth – it's up to us to identify, address and prevent all forms of illegal labor



SDG 10: Reduced inequalities – farmers should be legally guaranteed a living income and a decent standard of living



SDG 12: Responsible consumption and production – companies must be accountable for their entire supply chains, and consumers should be equipped to make informed decisions



SDG 13: Climate action – there's no social justice without climate justice



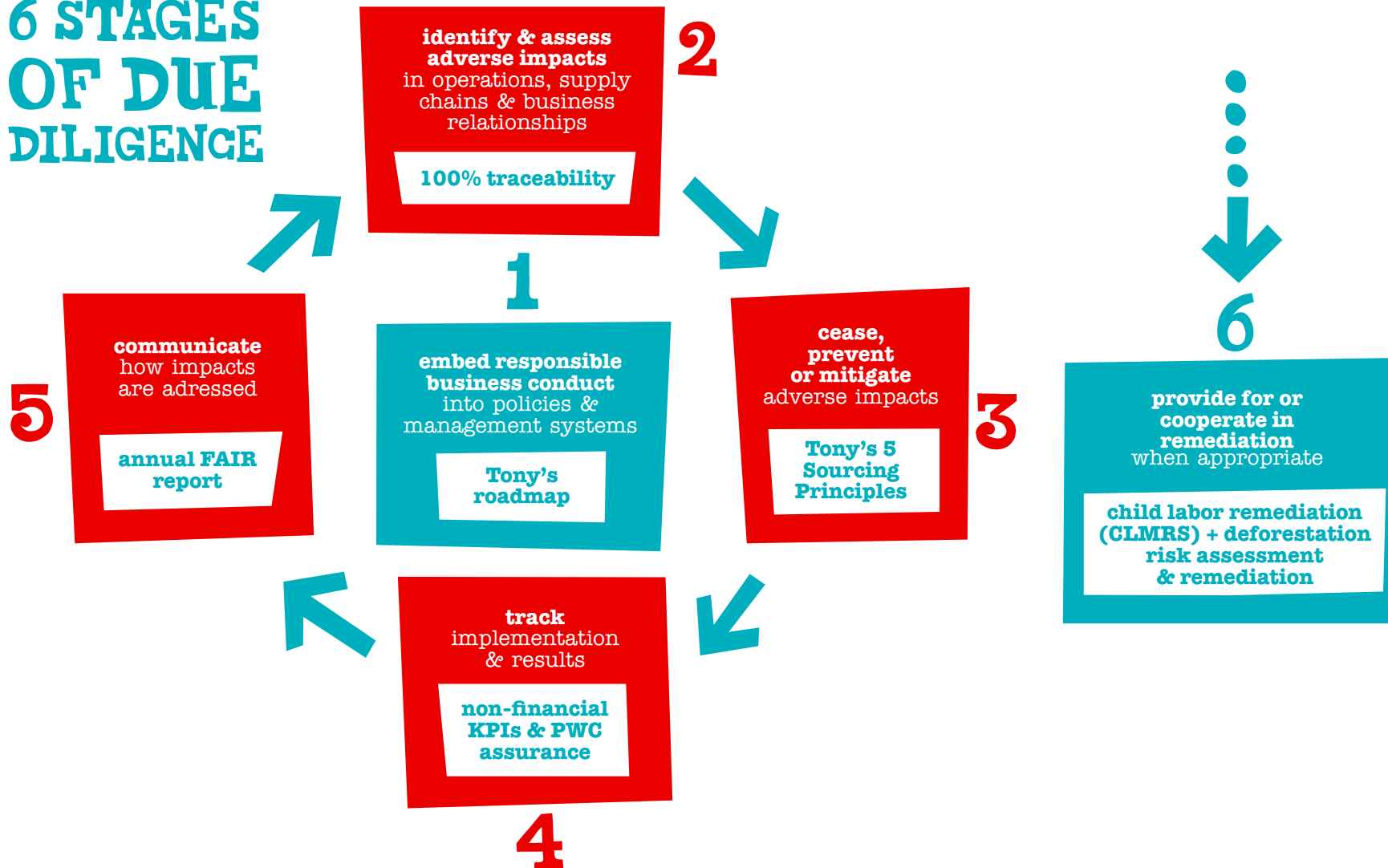
SDG 17: Partnerships for the goals – changing the norm in cocoa is only possible if we all work together

Tony's Open Chain's due diligence

Guided by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles, Tony's Open Chain adheres to the six due diligence steps. This approach is designed for all

businesses and encourages businesses to adopt sustainable practices across their supply chains voluntarily. Tony's Open Chain provides a straightforward solution for environmental and human rights due diligence in the cocoa industry, enabling real, lasting and systemic change.

6 STAGES OF DUE DILIGENCE



OUR OWN WORKFORCE: TEAM TONY'S

serious about Team Tony's

At Tony's, our commitment to ending exploitation in cocoa is the beating heart of everything we do. It's why sooo many people are excited to join our team in the first place.

2023/24 marked yet another exciting chapter in our impact journey. Our team grew faster than ever – thanks to the expansion of Tony's Open Chain and boosting Tony's presence in key markets as well as building stronger foundations in our supply chain and finance functions. We've welcomed a whopping 101 new Tonys to the team, of which 42 were new roles, all while keeping our Only Tony's culture front and center. This rapid growth is all down to the hard work and passion of every single Tony, as we continue to push boundaries and make the impossible possible.

building the foundations for (more) growth

As our team grew substantially across our international markets and Homepage, it became pretty clear that some of our people practices needed a serious upgrade to support our future ambitions. This year, we rolled up our sleeves and took bold steps to revamp our growth and development practices, making sure every Tony is set up for success as we keep expanding. Here are some of the best bites from this initiative:

talent attraction & onboarding

To make sure that we hired the best and most diverse talent out there for every role, we started by strengthening our unbiased hiring process, updating our impact profiles ('cause it all starts with clear expectations..) and standardizing our candidate evaluations. The result? We welcomed 101 fantastic new talents aboard this year!

But building a great team isn't just about signing on the dotted line – it's about how we bring people into the fold. That's why we seriously overhauled our onboarding experience to make sure every new Tony gets a strong, consistent and choc-tastic start. From day one, we want everyone to feel right at home, fully immersed in our mission and culture, and equipped to hit the ground running by finding the right information and connecting with fellow Tonys. Typical Tony's Time is still at the core of the experience. And, of course, every new Tony gets their very own Tony's Title, choco buddy and mug shot.

talent development

Our new talent development practice is rooted in our pledge to enable all Tonys to build impactful careers. This means rolling up their sleeves to drive our mission forward while also stretching and growing their skills to set them up for impactful careers – whether within Tony's or (eventually) beyond. That's why, this year, we (re)launched Tony's Growth Cycle, a performance and development framework designed to connect the dots between clear goal setting, continuous feedback, skill-building and growth. And to support each Tonys development even more, we give everyone their own personal development budget to design a journey that's right for them – whether that's through trainings,

courses or coaching. To keep talents in-house, we also focused on internal talent mobility, giving Tonys the opportunity to grow within the company and gain valuable experience in different teams and markets.

Our focus on talent development and retention resulted in a stable, on-target trend on Tony's turnover, which decreased from 23.64% in 2022/23 to 14.73% in 2023/24.

leading by example

Since strong and purposeful talent management is only possible with the best and most inspiring leaders, we also decided to kick off not one but two shiny new leadership programs. First-time leaders had the chance to participate in our Leadership Foundations training, which focused on the brilliant basics of leadership. More experienced leaders leveled up their leadership skills in our Advanced Leadership training, focused on steering change and raising the bar as a team leader. This investment in Tony's leadership ensures that we're all set to guide Tony's through the next growth phase, together.

connection & engagement at Tony's

Tony's culture is what makes us, well.. .. Tony's! With teams spread across the globe – from our offices in the US, UK, Netherlands, Germany and the Nordics, to our choco factory in Belgium and our extended crew over in West Africa – we've created a culture that keeps us all connected with the same set of Tony's values, no matter where we are.

We celebrate with a bunch of rituals that bring us closer together and keep our values front of mind all year 'round. From our always epic Happy New Book Year party (where we ring in the new cocoa season with a bang) to our full of beans celebrations, such as a homemade b-day cake carousel and the Tony of the Quarter award that shines a spotlight on our go-getters.

These moments don't just happen by snackcident – they're what make us who we are: a team full of passion, fun and a whole lot of chocolate (cakes)!



Tony's Carnival

One of this year's highest highlights was Tony's Company Carnival in April. Tonys from all corners of the globe came together to learn, connect and celebrate achievements. It was a splashy reflection of the energy, spirit and commitment that makes Tony's what it is. But moments like these aren't just about having fun (though we're always up for a laugh... or five); they also serve more serious purposes, like strengthening Team Tony's bonds and ensuring every Tony feels included and valued.

lending an ear to Team Tony's

As most of us know, good communication isn't just about talking. Building connections means listening, too. This is why, twice a year, we send out Tony's Quest-CHEER-naire (aka our global engagement survey). It's our way of tuning in to all the things that really matter to Team Tony's – from engagement and work experience to autonomy, psychological safety, leadership and alignment with our mission. Yuuup, we like to get to the core of things that way.

KPI 6
average score of Tony's Employee Quest-CHEER-naire



Zooming in on our Quest-CHEER-naire, in 2023/24 our engagement score nudged up from 58% to 60% (which compares well to 35% external benchmarking), with the majority of the team feeling deeply connected to our mission and supporting our leadership's direction for Tony's for the years ahead (8.8/10). Most importantly, a large chunk of Team Tony's feels that they can contribute to the success of Tony's, both individually and as team (8.8/10).

Still, our team has also told us there's plenty of room to grow. We heard the call to enable our teams more effectively (6.4/10) and manage change as we continue to scale (6.7/10). This served as a good reminder that we need to keep refining our processes, strengthening communication and boosting collaboration across the globe. By focusing on these areas, we're setting ourselves up to scale smoothly and steadily keep our mission rolling forward.

diversity, equity & inclusion (DE&I)

Back in 2022/23, we took major steps in DE&I by forming a global DE&I task force and building a clear roadmap to guide us forward. So, in 2023/24, it was time to roll up our sleeves and put that plan into action.

Our goal? To make Tony's an even more inclusive and diverse workplace where diversity is celebrated, and everyone feels welcome and psychologically safe. To get there, we created a roadmap focused on five core pillars:



Our first priority in 2023/24 was to make sure we took time to really listen to our global team. With the support of an external partner, we launched a comprehensive DE&I survey and facilitated focus groups. This helped us measure where we stand and really hit the nail on the head in terms of improvement areas. We shared the insights from the survey transparently with Team Tony's and addressed our learnings head-on. For example, as we scale from a predominately Dutch company to a global one, we need to become more inclusive towards different cultures. This includes (re)considering how we talk about our values and traditions as well as how we celebrate important moments. Our DE&I task force is on course to build an inclusive annual calendar for all Tony's worldwide. To mitigate bias across teams, we also kicked off our conscious inclusion workshops, starting with the Chiefs.

Stepping into the new book year, we're happy with the first foundation we set but also mindful that we are just in the beginning of our journey.

transparent pay

As part of our efforts to build a more diverse and inclusive team, we believe that identifying, reporting and addressing potential pay differences is key to ensuring fair compensation for all Tonys – regardless of their gender – at every level. Being transparent about pay isn't just the right thing to do, it also builds awareness, drives accountability and helps us make real progress toward gender equality in the workplace.

This year, we focused on identifying, reporting and addressing any gender pay gaps across all levels at Tony's. By shining a spotlight on pay differences, we can detect and tackle unjustified disparities – making sure to hit the fairness sweet spot.

Here's how:

- **Fostering awareness and dialogue:** We had open conversations about transparent pay practices and are creating awareness around unconscious gender biases.
- **Publishing pay ranges:** We now include clear pay ranges in all our job listings, and we're working closely with our hiring teams to prevent gender pay gaps.
- **Consistent reporting:** We set up gender pay reporting standards and shared these with all Tonys.

These steps help to detect and tackle any unjustified pay differences. We measure pay equity in two ways:

1. Global Pay Position Comparison:
We look at pay positions of our employees within each level – this is essentially where someone falls within a salary range. Currently, the global pay position difference between men and women is 3.9% points in favor of men. This is the gap between the average pay position of men and the average pay position women. All employees on Tony's payroll are included based on their full-time equivalent salaries.
2. Average and Median Pay Analysis: We use the method of comparing average and median pay based on annual gross salaries for men and women. We're currently reporting these figures specifically for the Netherlands since our teams are smaller in other markets. As of May 1, 2024, our median pay gap is 27% and our average pay gap is 20%. The main reason for this gap is that, while 64% of all Tonys are women, Tony's executive leadership (aka Hay salary level 20 and above) – which earns higher salaries – has a higher representation of men (66%) versus women (33%).

OUTSPOKEN

We don't shy away from being critical of ourselves, the chocolate industry or the world. We are open, direct and always question the status quo. We're always learning and working to keep everyone on their A game.

WILLFUL

We are true pioneers. We believe in claiming the freedom to do things differently. That's what makes us original and disruptive. We explore new routes when we believe that doing so will make the world a better and fairer place. That way we can continue to reinvent ourselves and inspire others.

MAKES YOU SMILE

We like to look on the bright side and consider the good in people. Can-do over critical any day. Nothing unites people like a belly-laugh, and together we've got the willpower and energy to move chocolate mountains.

ENTREPRENEURIAL

We are a commercial organization, a company that wants to make the world a better place. Money is not our goal. It's simply a means to realize our vision. We've got guts. We dare to reach for the stars, push the limits and break barriers to get things done. We never choose the easiest way to do things, and we persevere where others would give up.

We based our latest analyses solely on female/male gender categories. That's because other genders are currently still represented in such small numbers within Tony's that they can't be reported on (yet).

a place to feel safe, a space to speak up

Tony's values form the core of our culture. Cultivating our culture is all about finding the sweet spot where everyone can: be themselves, feel safe, be trusted and act with our values at heart. To formalize this, we established a couple of channels that protect Team Tony's interests and provide a safe space to raise concerns.

**1 WE PROMOTE A
WORKPLACE FREE OF
DISCRIMINATION**

**2 WE DON'T TOLERATE ANY
FORM OF HARASSMENT,
BULLYING OR VICTIMIZATION**

**3 WE ARE A NON-VIOLENT
WORKPLACE**

**4 WE ENCOURAGE A
SAFE AND HEALTHY
WORK ENVIRONMENT**

Tony's Fair Play Principle Framework

Our new Fair Play Principle Framework lays down official guidelines and processes, reinforcing our commitment to integrity and a safe workplace. Tony's Code of Conduct sets clear standards and expectations for ethical behavior, ensuring consistency and integrity in everything we do.

While those're some choc-solid foundations, we also recognize the need for more avenues to report any concerns or violations beyond just flagging issues with people leads or people partners. That's why we implemented a new Speak Up platform, allowing anyone – Tony's employees, external contractors, suppliers – to report violations anonymously.

Tony's High 5

What more traditional companies call an active employee representation body, we call Tony's High 5. This group is dedicated to ensuring that every individual's voice is heard and that the holistic interests of the company are safeguarded. This year, Tony's High 5 served as an important sounding board on people practices and processes, helping us grow our business the right way while preserving Tony's culture. Here's to the bright road ahead!

social

WORKERS IN THE VALUE CHAIN: BETTER, TOGETHER

the time for change is now

While we're immensely proud of the progress we've already made in transforming the cocoa industry together with other Tony's Open Chain Mission Allies, we recognize that our work doesn't stop there.

There's much to be done on numerous fronts. Beyond cocoa, we're committed to upholding human rights and ethical practices across our entire supply chain. When sourcing other key ingredients for our chocolate, we strive to ensure fair treatment and dignity for all people in the value chain. While cocoa remains at the heart of our mission, we're mindful of our broader impact and our responsibility to every worker contributing to our choc. In the following chapter, chomp on our work in this area, followed by how we approach other parts of our value chain.

living income and beyond: household income and farmer resilience

Efforts to help cocoa farmers escape poverty often focus on increasing their responsibilities. Farmers are encouraged to improve cocoa quality, adopt better farming practices, boost productivity, or diversify their income sources. However, this approach shifts the burden onto farmers and lets companies avoid their responsibilities.

A balanced income approach combines higher cocoa prices guaranteed over multiple seasons with investments in productivity to increase overall household incomes. This builds farmer resilience and creates opportunities for more types of households to earn a better income from cocoa farming.

the long term: multi-season commitments for

security & stability

For cocoa farmers, the long-term commitment to higher cocoa prices translates into economic stability, better financial planning and the ability to invest in farm improvements, ultimately enhancing farm resilience.

The 2023/24 mid-crop cocoa price increased to €2.29/kg in Côte d'Ivoire and €2.32/kg in Ghana, signalling a positive shift for farmers' incomes.⁹ Nevertheless, for these higher prices to truly enable cocoa farmers to move out of poverty, they must be sustained over the long term.

This is why one of Tony's 5 Sourcing Principles emphasises long-term commitments. Tony's Open Chain facilitates this through a Memorandum of Understanding, which guarantees at least five years of collaboration via unique, asymmetrical contracts that offer partner cooperatives the freedom to sell their cocoa elsewhere. In asymmetrical contracts, we commit to purchasing set volumes of cocoa at specific price points over several years, providing cocoa farmers and cooperatives with stability by reducing their risk and business uncertainty, as well as ensuring that cocoa farmers are protected from unpredictable market fluctuations and seasonal uncertainties. This means we respect their independence while they can still choose to enter contractual obligations with other buyers. Our ambition is to become their preferred buyer through our approach rather than because of a binding contract.

consistently paying higher cocoa prices

Tony's Open Chain ensures a higher price is paid for cocoa, exemplifying a responsible purchasing practice that companies can adopt immediately to help increase smallholder cocoa farmers' incomes. Our pricing model follows principles and models agreed upon with our partners that are designed to enable a living income for cocoa farmers.

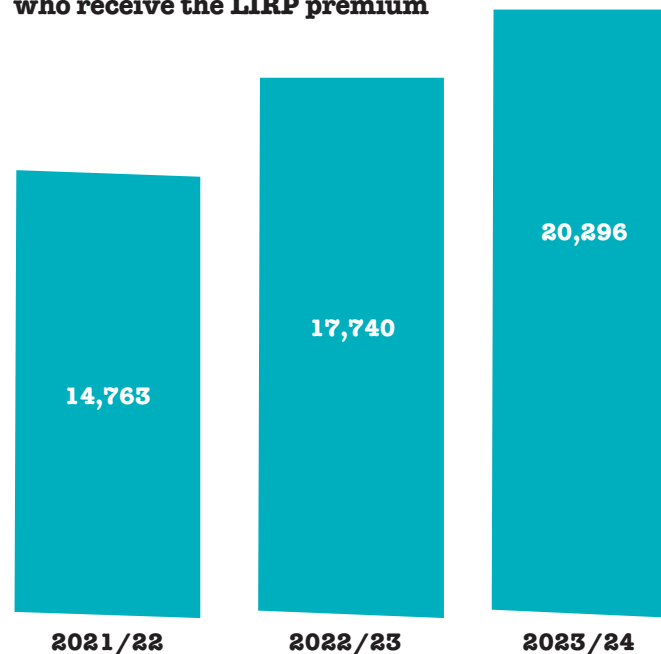
We are consistently assessing these principles and our pricing model to ensure they remain fit-for-purpose.

a roadmap for enabling a living income

As part of our living income approach, we pay the Living Income Reference Price (LIRP) for cocoa in Côte d'Ivoire and Ghana as set by Fairtrade (whilst Fairtrade set this price independently, it is important to note this is a different and higher price than the standard Fairtrade premium). Fairtrade sets the LIRP based on a number of factors including household size, the costs of living and farming, viable farm size, productivity targets and income from other activities. The LIRP is created with reference to the Living Income benchmark for both countries, which is set by the Living Income Community of Practice (LICOP) using the Anker methodology.

In 2023, Fairtrade International launched an initiative to evaluate and evolve the LIRP model five years after its inception. Informed by the data and insights from various researchers, cooperatives and companies, including Tony's Open Chain, the LIRP review (which is expected to be completed in late 2024 for implementation in the 2025/26 season), is intended to result in an updated LIRP which takes into account the current challenges farmers face.

KPI 4
of farmers supplying to Tony's Open Chain
who receive the LIRP premium



⁹ What is going on with cocoa prices? Part 2 (uncommoncacao.com)

FACTORS OF THE LIVING INCOME REFERENCE PRICE

	CÔTE D'IVOIRE	GHANA	
 HOUSEHOLD SIZE	8	6	The household size is based on data from the Living Income Community of Practice.
 COST OF LIVING (per person per day)	€ 2.32	€ 1.85	The cost of farming and cost of living indicators were last adjusted for inflation in 2022. (Fairtrade Living Income Reference Prices for Cocoa, October 2022). The costs of living are taken from the Living Income benchmarks for Ghana and Côte d'Ivoire, last updated in June 2022.
 COST OF FARMING (fixed per hectare)	€ 533	€ 437	The costs of farming include costs for inputs, hired labour (beyond household labour), and fixed costs for materials and logistics.
 VIABLE FARM SIZE	4.4 HA	3.3 HA	The productive cocoa area per farmer is based on a viable farm size that can absorb the available family labour, considering a 17% reduction for cocoa rejuvenation. The most recent estimation of Tony's Open Chain farmers based on GPS polygon mapping shows that this area is closer to 2 ha.
 PRODUCTIVITY TARGET (per hectare)	800 KG	800 KG	The aspirational yield is set at 800 kg/ha, based on consultations by Fairtrade with farmers in West Africa in 2018/19. This is currently not reflected in the Tony's Open Chain supply chain: average yields are around 580kg/ha, with more appropriate aspirational yields of 620kg/ha.
 INCOME FROM OTHER ACTIVITIES (per person per day)	€ 0.59	€ 0.51	In the Fairtrade model from 2019, other income as generated by the farming household through food production, sales of other crops and services, was estimated at 25% of the cost of living. The most recent Tony's Open Chain data shows that this is closer to 40%.

But paying a LIRP and addressing other factors using a living income approach is only the starting point. Truly prosperous farmers can see a future in cocoa that goes beyond just making ends meet.

understanding cocoa farming incomes

Each year, Tony's Open Chain carries out a living income gap assessment for a sample of partner cooperatives and farmers to understand how many cocoa farmers are at or above the living income benchmark. We do this analysis at 3 of our partner cooperatives, where we have been working for several years, have good income data, and from whom we buy significant volumes of their total cocoa production. These 3 cooperatives are ECAM, Kapatchiva, and Ecojad. Our analysis at these 3 partner cooperatives of the 2023/24 season showed that:

- 19.1% of cocoa farmers at our longest-term partner cooperatives are earning at or above the living income benchmark.
- 80.9% of cocoa farmers at our longest-term partner cooperatives are not yet crossing the living income benchmark with a mean gap of 54% and a median gap of 49%.

The fact that 80.9% of cocoa farmers are not earning a living income despite being paid a LIRP for the cocoa they supply to Tony's Open Chain is highly concerning. It indicates that the current living income approach used in the cocoa sector is not effective for raising a majority of households above the living income benchmark. For example, it does not adapt to declines in productivity and climate shocks (detailed further in the Tony's Open Chain

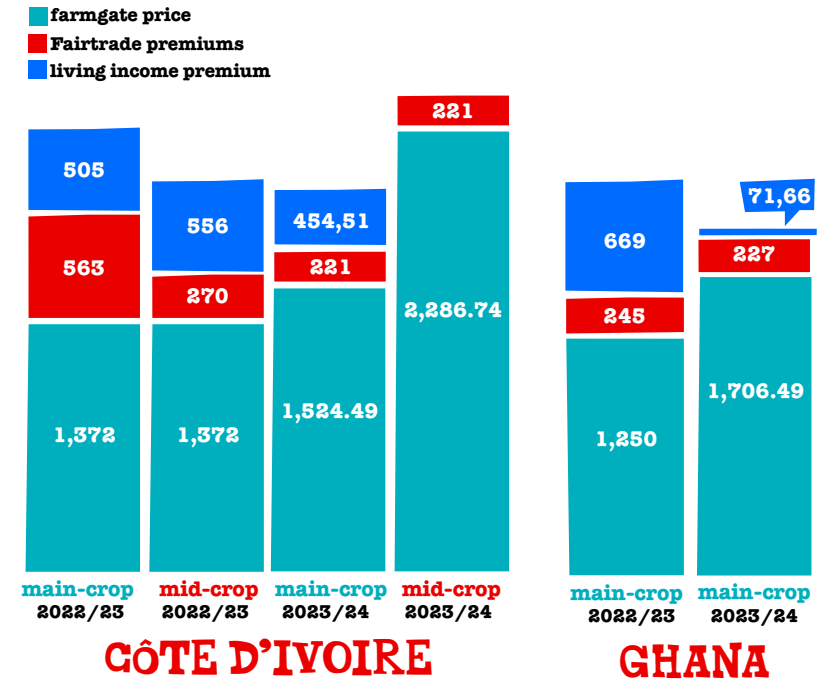
KPI 15

Amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price

farmgate price = the price farmers receive for their cocoa. It's set by the governments for the main and the mid-crop seasons each year, and it's way too low.

Fairtrade premiums = the premium paid for Fairtrade certified cocoa. This is not enough for cocoa farmers to earn a living income.

living income premium = the additional premium needed to close the gap to the Living Income Reference Price.



Impact Report in our Appendix on [p. 39](#)), and the rising costs of living and production. More fundamentally, the figure also spotlights that the LIRP model is built based on a model farmer. This is needed for benchmarking (e.g., estimating how much a LIRP can close income gaps). When attempting to actually raise farmer incomes, we must acknowledge that not all farmers at Tony's Open Chain partner cooperatives fit that model farmer mould. While we support the LIRP as a model to enable comparisons and measure progress, we also need to look at the realities of the farmers in our supply chain. Want to understand the reality for most farmers in the

Tony's Open Chain supply chain relating living income, productivity, and supply? Read more in the Tony's Open Chain Impact Report in our Appendix on [p. 8](#).

Tony's Open Chain has done an analysis of data across the Côte d'Ivoire supply chain, looking into realities of farmers on crossing the living income benchmark. We are highly concerned that the gap towards a living income is as large as it is, but we are also motivated to focus this upcoming year on activities that we believe will move farmers closer to that living income benchmark. Scaling Tony's Open Chain in volume and number of mission

WHAT IS CHILD LABOR?

children fall
in different
age groups



**5-13
YEARS**

children below the
minimum age
specified for light
work



**14-15
YEARS**

children within the
age range specified
for light work



**16-17
YEARS**

children at
or above the
minimum
working age

there's
child work..

light work

refers to light and safe tasks for
limited hours that do not
interfere with schooling

regular work

means tasks for limited hours that do
not interfere with schooling

..and then
there's child
labor

other worst forms of child labor

refers to children trafficked for
work, forced and bonded child
labor, commercial sexual
exploitation of children, use of
children for illicit activities and
armed conflict

hazardous child labor

refers to employment in designated
dangerous industries and occupations,
night work in any industry and
occupation, unpaid household services for
long hours, unsafe equipment, as well as
dangerous working conditions

what's legal ●

what's illegal ✗

	5-13 years	14-15 years	16-17 years
light work	✗	●	●
regular work	✗	✗	●
hazardous child labor	✗	✗	✗
other worst forms of child labor	✗	✗	✗

allies means more volume is being bought with premiums and the cooperative management fee, enabling the cooperatives to support their farmer members better. Furthermore, the newly published LIRP will raise the bar on pricing and enhancing our productivity and professional labor programming will help farmers boost their incomes. For a deep dive, please see [p. 29](#) of the Tony's Open Chain Impact Report.

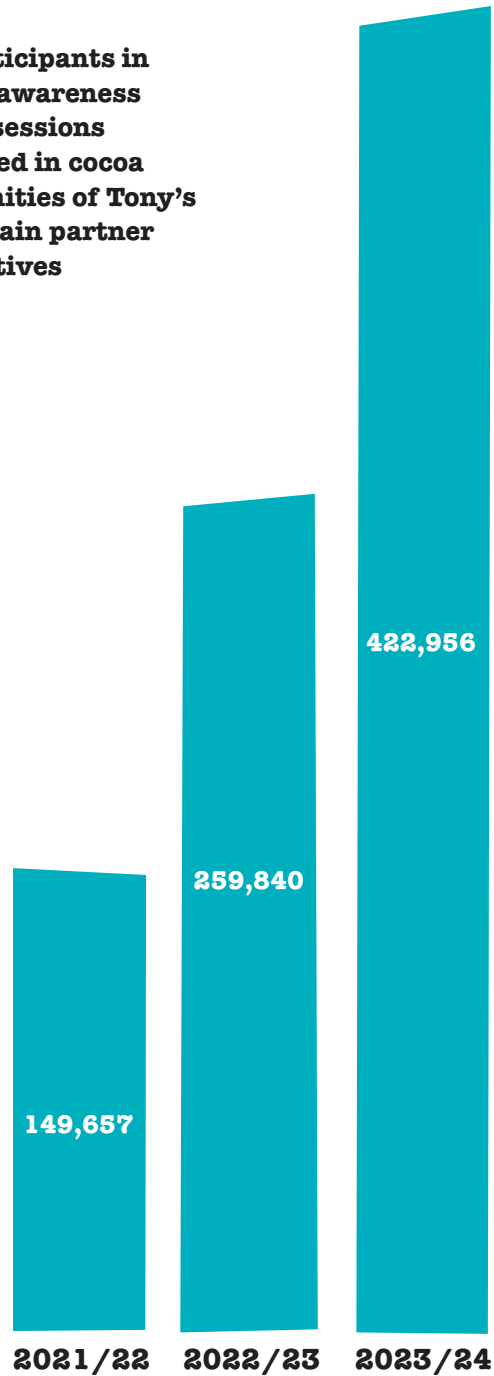
assessing living standards: 5-year insights

While paying the LIRP is vital for sustainable livelihoods, farmer wellbeing depends on many factors. Using the Multidimensional Poverty Index and survey data, we've tracked long-term trends and identified ongoing challenges. We have been assessing the MPI-poverty of Tony's Open Chain cocoa farmers annually since 2018/19. Want to see how living standards have evolved in the past 5 years and where progress is being made? Check out the Tony's Open Chain Impact Report, [p. 37](#).

human rights

Tony's Open Chain adopts a comprehensive human rights approach, with a key focus on normative change and awareness-raising to ensure systemic changes in attitudes towards child labor and other human rights violations.

KPI 3
of participants in
CLMRS awareness
raising sessions
conducted in cocoa
communities of Tony's
Open Chain partner
cooperatives



children's rights are human rights

Many children in West Africa work on cocoa farms as a result of poverty; many cocoa-farming parents can't afford to hire labor or send their kids to school.

Child Labor Monitoring & Remediation System (CLMRS): social traceability

The CLMRS enables companies to identify child labor cases, provide support and track follow-up, with the aim of aligning with national child protection systems.

A credible CLMRS requires transparency on key metrics, including: the number of households covered, children involved, identified child labor cases, children no longer in child labor after follow-up, and types of support provided.¹⁰

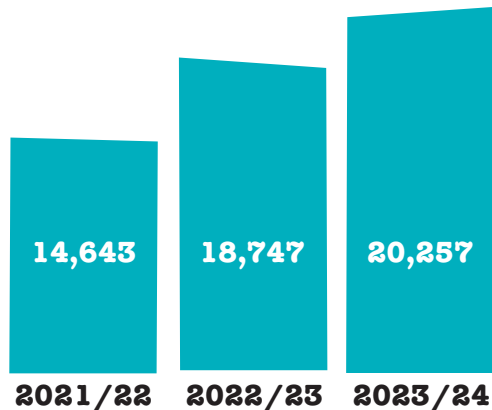
10) Cocoa Barometer 2022

Tony's Open Chain's CLMRS

For the full details behind each step and how Tony's Open Chain's CLMRS works, skip right to [p. 50](#) in the Tony's Open Chain Impact Report..



KPI 10
of cocoa growing households
in Tony's Open Chain partner
cooperatives who participate
in the CLMRS



child labor cases in our value chain

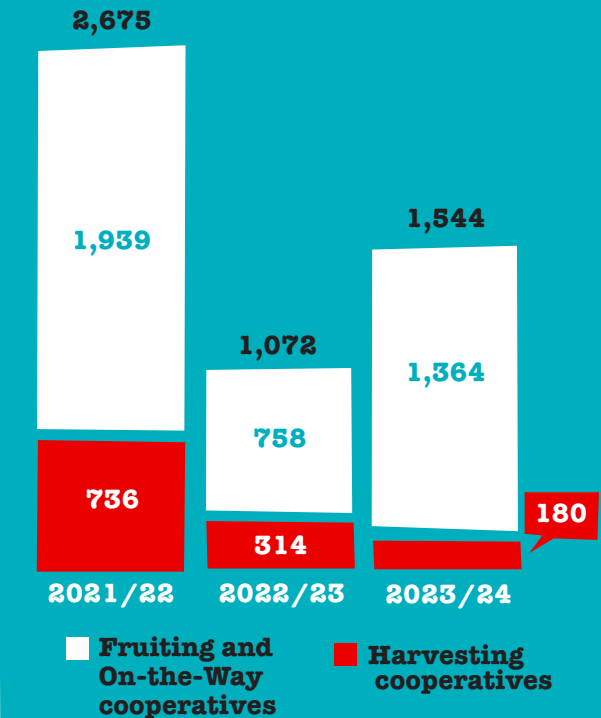
Back in 2022/23, we identified 1,072 cases of child labor in Tony's Open Chain's supply chain. The number of cases rose in 2023/24 to 1,544 as fruiting partner cooperatives ramped up their CLMRS efforts. Combined with cases we are still working to close from previous seasons, there are currently 3,125 open cases in Tony's Open Chain's supply chain. We aim to cover all farmer households delivering to Tony's Open Chain in our CLMRS efforts, in 2023/24, we reached 98% of all farmers.

We know, we know.. it can be challenging to understand why we're so outspoken about issues like child labor while still encountering it in our value chain. But the reason is simple. Newer partner cooperatives face higher prevalence rates that are consistent with industry averages in their initial monitoring years. Rather than avoid this reality, we confront the challenges in cocoa head on guided by Tony's 5 Sourcing Principles. And while these principles are designed to drive long-term, systemic change, reducing child labor takes time.

That's why we report on child labor cases at two levels: with newer partner cooperatives (aka "Fruiting" and "On-the-Way" cooperatives and with those we've already been working with for some time (aka "Harvesting" cooperatives). The presence of (more) cases doesn't mean our approach is failing – in fact, it's quite the opposite. By addressing these cases transparently, we've tracked and proven that child labor prevalence drops as Tony's Open Chain continues its work with partner cooperatives year after year after year. The proof is in the chocolate pudding, so to speak.

In 2022/23, the number of identified cases increased as household monitoring gained full momentum following the easing of COVID-19 restrictions. Tony's Open Chain expects the overall prevalence rate to rise again in 2024/25 with the addition of new partner cooperatives, as this will lead to roughly double the number of children in scope compared to 2023/24.

KPI 11.1
of child labor cases detected at Tony's
partner cooperatives with the CLMRS



We cannot guarantee we found all cases of child labor. There is the unavoidable risk that the CLMRS will not find all cases of child labor. This is because the community facilitators are not always able to visit every household each year, and some cases may go undetected during visits.

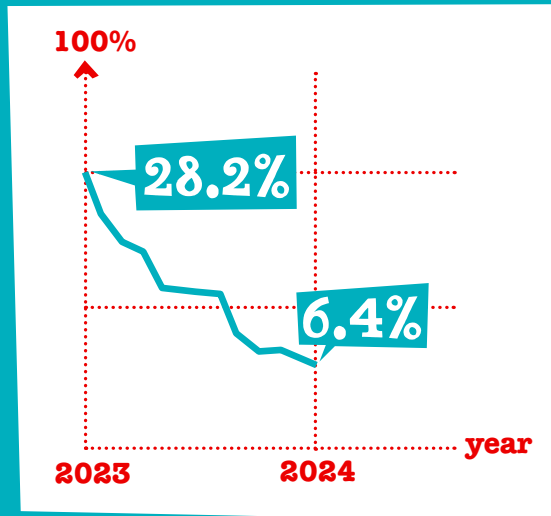
closing child labor cases

Each child identified in child labor in our supply chain receives immediate support to ensure they permanently cease engaging in illegal or hazardous activities. Tony's Open Chain continues to close more and more cases year-over-year.

ASUNAFO CHILD LABOR PREVALENCE CASE STUDY

-21.8%
COMPARED TO
SEPTEMBER 2023

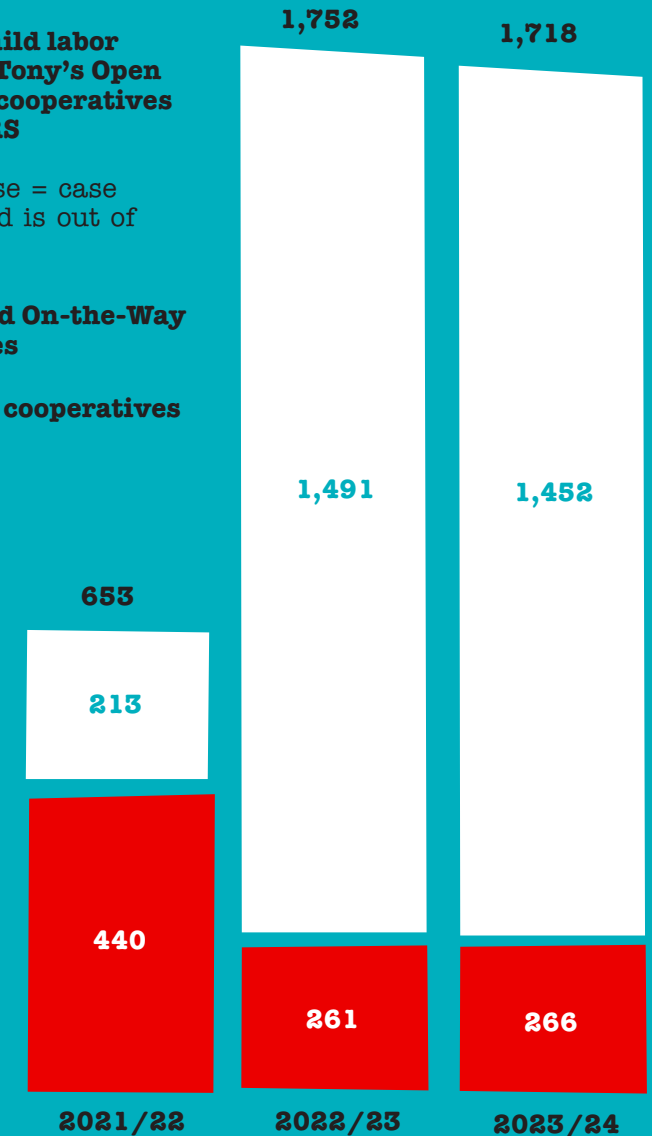
Child labor prevalence at Asunafo dropped by 21.8% between September 2023 and September 2024.



KPI 11.2 # of cases of child labor remediated at Tony's Open Chain partner cooperatives with the CLMRS

Remediated case = case closed, the child is out of child labor

- Fruiting and On-the-Way cooperatives
- Harvesting cooperatives

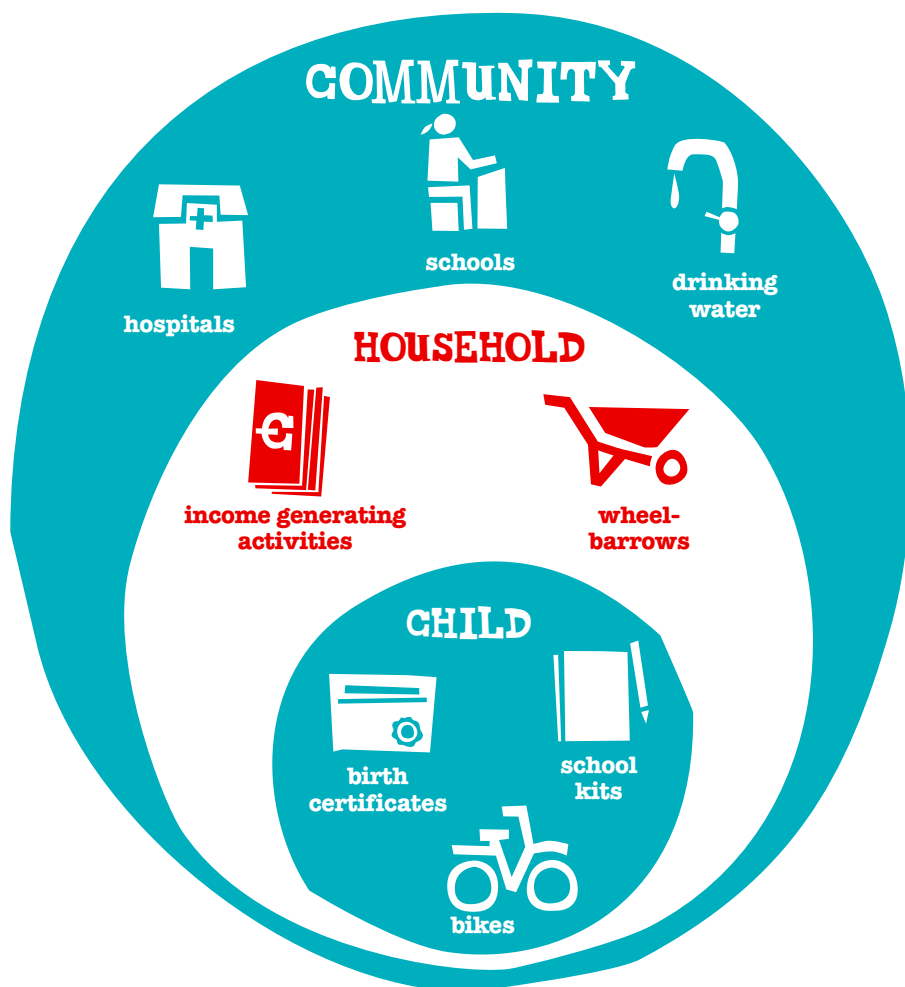


We cannot guarantee we found all cases of child labor. There is the unavoidable risk that the CLMRS will not find all cases of child labor. This is because the community facilitators are not always able to visit every household each year, and some cases may go undetected during visits.

Support for individual children focuses on their reintegration into the education system.

At the household level, families receive tools like wheelbarrows and safe cocoa pod openers to help older children safely contribute to family farming activities without heavy loads or sharp tools.

At the community level, Tony's Open Chain also partners with the Chocolonely Foundation (funded through 1% of Tony's Chocolonely's annual revenue), which is able to direct funds to improved infrastructure to support children.



remediation intervention effectiveness

In 2023/24, Tony's Open Chain conducted independent research on the impact of its remediation interventions. One key finding was that awareness-raising, especially through community sessions by Tony's Open Chain Ambassadors, had a 90% positive influence on household attitudes and practices around child labor.

The study also drew attention to the need for increased access to such studies in order to maximize impact, which Tony's Open Chain will work on with its partner cooperatives in the coming season. For more numbers and details head to [p. 60](#) in the Tony's Open Chain Impact Report.

forced labor findings

Forced labor refers to work that is done by any person under duress and for which said person has not offered themselves voluntarily. Nothing came to our attention that would indicate the existence of forced labor cases in our supply chain, yet. We work closely with partner cooperatives to establish grievance mechanisms, update policies and implement prevention tools to protect vulnerable workers.

tackling forced labor

A 2023 study by ICI in Côte d'Ivoire, conducted on behalf of Tony's Open Chain, surveyed 555 farmers and workers to assess knowledge and attitudes about labor practices and forced labor before initiating awareness-raising efforts (findings are presented in the Tony's Open Chain Impact Report on [p. 62](#)). Planned next steps include a Forced Labour Learning Event and a follow-up assessment in 2025.

To address the issues that arose, Human Rights Committees were established at all partner cooperatives. In 2023/24, these committees completed work plans, with trainings in Côte d'Ivoire and Ghana. Ongoing efforts will evaluate their impact and use study insights to guide future initiatives.

child trafficking

Child trafficking and forced labor are severe forms of child exploitation, distinct from child labor. Child trafficking involves the exploitation of children by removing them from their protective environments. While no cases have been identified in Tony's Open Chain's supply chain, trafficking is a growing concern in cocoa-growing regions, driven by economic vulnerabilities and instability. To ensure that the cooperatives are well equipped to handle this risk, an extra training on child protection was provided to cooperatives this year in collaboration with our partner ICI. The CLMRS system is also set up to identify cases of child trafficking and forced labor. Teams are trained to watch out for red flags, including, for example, children who are not living with any relatives. When identified, the system is set up to ensure that these children receive targeted follow-up from specially trained community facilitators.

In addition to this targeted follow-up on high-risk cases, Tony's Open Chain aims to go further in protecting children by contributing to structural improvements at national levels. Thanks to Tony's Chocolonely's continued support of the Chocolonely Foundation, funded projects include partnerships with the International Justice Mission in Ghana. These efforts are guided by principles of outsourcing based on expertise, aligning with existing projects (e.g., UNICEF, Fairtrade, ICI), and adopting a systemic approach focused on the rule of law and perpetrator accountability.

women's rights

Tony's Open Chain have set a roadmap for achieving gender equity, with a clear emphasis on achieving gender balance within cooperative teams and ensuring strong female representation at all levels. Core to the gender strategy is promoting women within partner cooperatives, as this remains crucial for driving systemic change. Between 2021/22 and 2023/24, the number of women working as community facilitators in partner cooperatives increased from 22% to 26%. The next target? Over 40% growth over the course of

2024/25. Likewise, the number of women working as coaches increased from 12% in 2021/22 to 26% in 2023/24. We are targeting 40% growth over the course of 2024/25.

our impact outside of cocoa

While cocoa remains at the core of our efforts, our responsibility goes beyond. We're aware that our operations have a broader impact. We prioritize upholding human rights and ethical practices across our entire supply chain. We want all workers contributing to our products to be treated with fairness and dignity, no cherry-picking. To ensure responsible partnerships, we screen all potential tier one suppliers before entering into a working relationship, as well as tier two suppliers supplying to our co-manufacturers (e.g., suppliers of inclusions, packaging, and more). Each prospective supplier completes our supplier questionnaire, which assesses both environmental and social sustainability factors. We favor working with local suppliers or fellow B Corps, applying these standards also to suppliers of merchandise, office supplies, advisors and mooore.

Tony's ambition is to make sure every worker in the supply chain gets treated and paid well. This means we always strive to pay market prices (at least) and higher

prices (at best) for our raw materials, inclusions and packaging materials. We're guided by a number of organizations and certifications that set these standards and frameworks – it's an ever-evolving process.

One of the ways we do so is by working with Fairtrade. Fairtrade works towards higher prices, decent working conditions and fairer deals for farmers and workers in developing countries. Whenever possible, we source our chocolate ingredients and inclusions Fairtrade. While we're committed to 100% traceability for cocoa, we sometimes opt for mass-balance solutions for other ingredients. As best standards are always changing, we regularly update our policies and review the frameworks we use to help guide us.

Because of our commitment, topics like exploitation are especially close to our hearts at Tony's. We check any and all new suppliers, the products or ingredients they supply, and the countries they source their products or ingredients from against the Global Slavery Index (GSI) and the List of Goods Produced by Child Labor or Forced Labor of The Bureau of International Labor Affairs (ILAB). The GSI provides national estimates of modern slavery in 160 countries, drawing on thousands of interviews with survivors through nationally representative surveys. And the results reveal bitter truths: the ILAB's list identifies 204 goods from 82 countries that are likely produced through child labor or forced labor, as of September 2024.

engaging with people in our value chain

We're really proud of our cocoa farmers, and we work closely with our partner cooperatives. We maintain regular contact throughout the year and make multiple visits annually, allowing for direct communication. In 2023/24 we attended the Annual General Meeting (AGMs) of all cooperatives we work with. In September 2024, we had our yearly Season Kick-Off. We walked through the plan for the upcoming year, shared Tony's Open Chain strategy work with our partner cooperatives, discussed processes and ways of working, looked back at the results from the previous year and gave feedback to each other on how to improve.

Besides these big events, we have boots on the ground continuously with independent teams in Côte d'Ivoire and Ghana. We visited some partner cooperatives with Tony's Chiefs in January 2024 and had multiple other visits together with Mission Allies throughout the year.

In other parts of our value chain, the level of engagement varies based on the partner's significance (e.g., volume contributions) and human rights risk factors (e.g., country of origin). We maintain frequent contact with our tier-one suppliers, visiting them multiple times each year on average, and conduct an internal paper audit with tier-two suppliers when they join our network. As a Fairtrade-certified company, we also rely on Fairtrade's direct connections with workers to ensure workers' rights are respected and regulatory standards are upheld.

raising concerns

If workers in our value chain have concerns, there are several ways for them to raise these. For the cocoa cooperatives or the individual cocoa farmers in our value chain, one way is directly with our teams, as we are present in-person multiple times per year.

For workers in non-cocoa parts of our value chain, there are also multiple ways to raise concerns, either via Fairtrade (for Fairtrade-certified partners) or via the visits (for everyone else) described earlier in this chapter.

In 2023, we introduced a new governance structure – Tony's Mission Lock – designed to secure our commitment to eradicating exploitation from the chocolate industry for the long term. They can be reached by all stakeholders – including all workers in our value chain anonymously through: contact@tonysmissionlock.org

social

AFFECTED COMMUNITIES: BECAUSE THERE IS NO I IN COCOA

Our actions significantly impact the communities around us, including both cocoa-growing and non-cocoa communities. Through initiatives led by the Chocolonely Foundation we focus our support to cocoa-growing communities, which are explored in detail in this chapter.

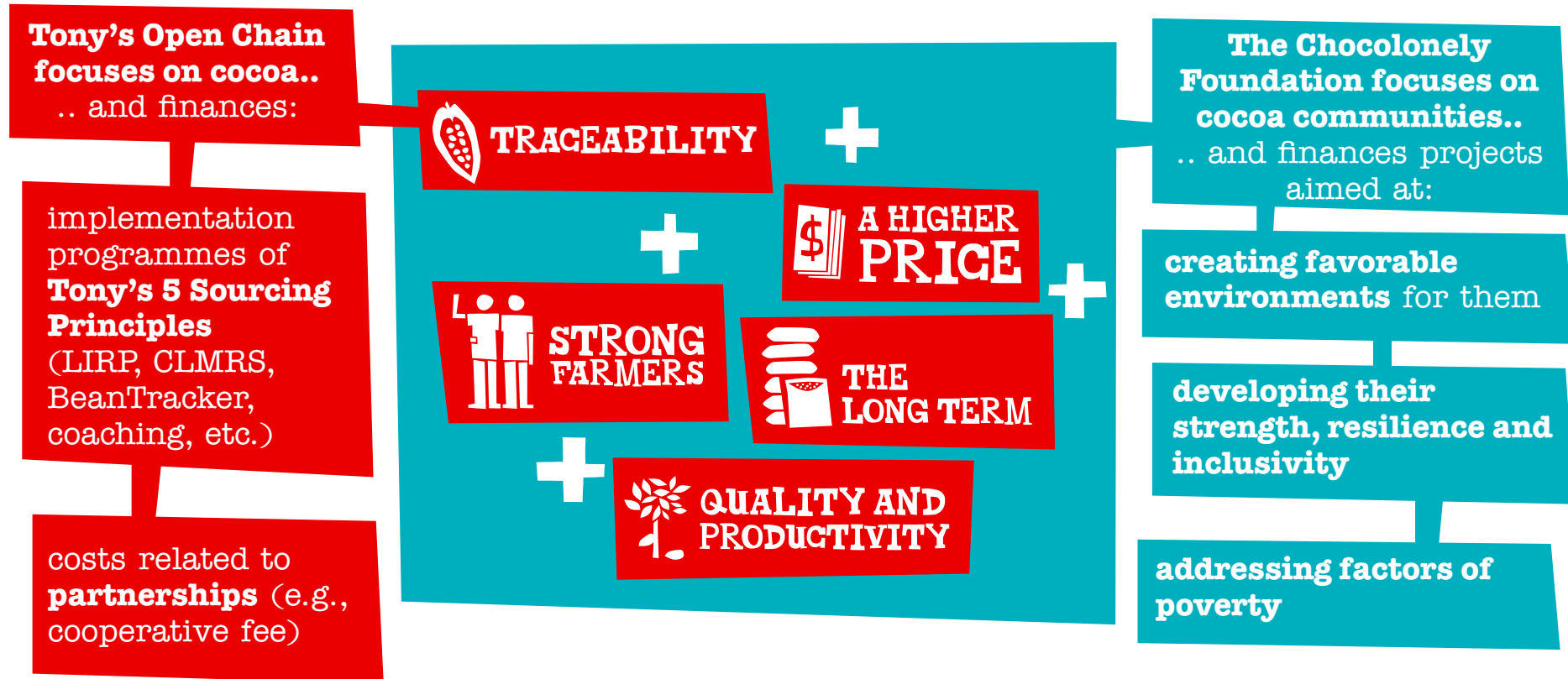
our cocoa processing community in Belgium

We prioritize being responsible and active members of the communities where we're present. With offices in various locations and a factory in Belgium, it's important to us to be good neighbors. Our factory, located in a residential area, requires special attention to integrate with the local community. However, our most significant influence is in cocoa-growing regions, where we play a key role in supporting and improving the communities at the core of our mission.

our wider cocoa community in West Africa

A significant part of the work we do through Tony's 5 Sourcing Principles goes beyond just our direct suppliers (aka cocoa farmers) – it also positively impacts the wider cocoa community. By promoting higher prices, long-term relationships and the elimination of exploitation, we're helping create a more just and sustainable cocoa industry for everyone. And let's not forget: climate change can be felt by all. Which is why we work on productivity while making sure we're not sourcing from environmentally protected areas via 100% traceability.

DIFFERENCES BETWEEN TONY'S OPEN CHAIN & THE CHOCOLONELY FOUNDATION



our impact on the ground in West Africa via the Chocolonely Foundation

Business can (and should) be used as a force for good beyond the direct business model (though this must always be a cherry on top and can never replace businesses' core responsibilities towards people and the planet). The Chocolonely Foundation makes real impact on the ground in West Africa. As you probably know, we founded the foundation back in 2008 and we've channeled 1% of our annual net revenue into it ever since. In 2023/24 this amounted to a whopping €1.991m being put aside

by Tony's for use by the foundation – that's a lot of cookie dough and we're proud to see this our hard-earned cash being put to good use. The Chocolonely Foundation's actual spend in 2023/24 was €1.928m – the difference was added to the following year's budget (and is probably being spent as you read this).

In a cocoa shell, the Chocolonely Foundation supports projects and organizations that contribute to prosperous cocoa-growing communities in Côte d'Ivoire and Ghana, facilitate systemic change and challenge the status quo. The foundation's mission is to foster strong, resilient and prosperous cocoa communities and a responsible chocolate industry where equality is the norm for all. Visit the Chocolonely Foundation's website for more:

www.chocolonelyfoundation.org.

Psst. Did you know? While the Chocolonely Foundation shares a name with Tony's, it's actually an independent organization with an ANBI seal and its own board that makes its own decisions.

[ANBI profiel - ANBI.nl](#); KvK: 34299520.

The Chocolonely Foundation focusses on funding projects in Côte d'Ivoire and Ghana that address the following impact areas:

- **Strong, resilient & inclusive cocoa communities:**

The Chocolonely Foundation enables people to shape their own futures through education, infrastructure and sustainable livelihoods. It focuses on climate resilience, health and wellbeing in Côte d'Ivoire and Ghana, partnering with cocoa cooperatives and farming communities.

- **Poverty and prosperity:** The Chocolonely Foundation promotes a diverse ecosystem of local organizations and businesses. By supporting collaborations, pilot projects and providing seed funding, it fosters innovation for a responsible cocoa industry in Côte d'Ivoire and

Ghana.

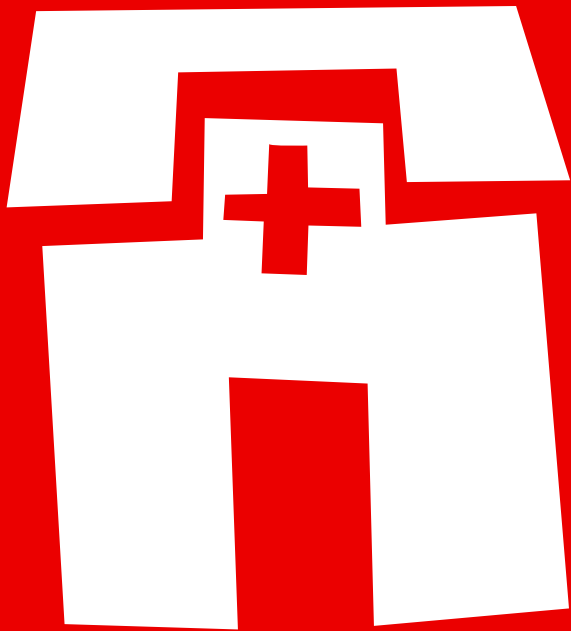
- **Enabling environments in cocoa-growing communities:**

The Chocolonely Foundation uplifts youth and amplifies underrepresented voices in Côte d'Ivoire and Ghana, partnering with cocoa cooperatives to create opportunities.

Here's a taster of some of the ways Tony's multi-million-euro contributions to the foundation helped make a big difference in West African communities last year:

what we worked on in 2023/24	what we tested on a smaller scale in 2023/24	what's to come in 2024/25
The Chocolonely Foundation funded 23 projects	Conversations with other like-minded foundations and organizations	Fund more climate resilience projects
They supported Elucid for a massive healthcare project in Ghana		Allocate over €2 million in funding!
They supported NOOR and World Press Photo for a traveling exhibition		

In 2023/24, the Chocolonely Foundation invested €490,993 in community development – a large chunk of this went towards building 22 school canteens, thereby positively impacting 6,000 children and helping combat child labor. Initiatives like these are part of a broader effort to improve living conditions, educational opportunities and the overall well-being of children and families in cocoa-growing communities. By encouraging school attendance through the provision of canteens, children gain access to education, which is crucial for breaking the cycle of poverty.



Another important action was the provision of incentives for families – free or subsidized meals can motivate families to send their children to school, especially in places where food insecurity is an issue.

The Chokolonely Foundation played a crucial role in supporting development projects within all Tony's Open Chain's partner cooperative communities. By investing in infrastructure, such as accessible schools, healthcare facilities and clean water sources, the foundation helped create enabling environments for people in these communities. The foundation's community-centered and community-led approach to implementing what's actually needed in the different communities amplifies the broader success and sustainability of Tony's cocoa-sourcing approach via Tony's 5 Sourcing Principles.

deep dives

Elucid focuses on improving health and well-being by providing essential healthcare to cocoa farmers and their families. In 2023/24, special attention was given to pregnant women and newborns who weren't covered by the National Health Insurance Scheme, ensuring they received the care they need.

In the area of education for all, the foundation's partnership with Edukans empowered teachers to deliver high-quality education to individuals of all ages, giving them the opportunity to shape their own futures and thrive. Onwards and upwards!



We're also proud that the Chocolonely Foundation supported Gered Gereedschap, which is dedicated to youth empowerment by strengthening vocational education and nurturing entrepreneurial craftsmanship.

And, naturally, high on the list of priorities – since there simply is no planet B – climate resilience was addressed through Climate42's innovative FarmSmarter application, combining agronomy and climatology to optimize decision-making for farmers.

Amplifying underrepresented voices in cocoa-growing communities was a key priority for the foundation as well. Through their support of NOOR, they mentored emerging photographers, sharing the visual stories of cocoa farming communities with global audiences and connecting these rural areas to the world's finest photojournalism.

But it didn't stop there. The Chocolonely Foundation one-upped itself on the project by bringing together NOOR and World Press Photo. In partnership with the Fondation Donwahi, the foundation presented Celebrating Communities, an exhibition and public program at the Fondation Donwahi in Abidjan, Côte d'Ivoire. The exhibition featured 10 award-winning projects from the World Press Photo Contest and 10

bodies of work from NOOR's educational program, [Advanced Visual Storytelling](#). It presented diverse types of communities and explored the profound impact that they can have on individuals around the globe.

Then there was Yarani, another organization executing foundation-supported projects. Yarani focuses on gender equality, empowering marginalized women in Côte d'Ivoire through business and vocational training. Funded work included the establishment of initiatives such as a kitchen at the partner cooperative and childcare services.

And last, but certainly not least, Kumasi Connect aims at creating sustainable livelihoods by making cacao juice production a viable income-generating activity for partner cooperatives. Through specialized training and market access support, the contribution from Tony's revenue helped more cocoa farmers diversify their income and improve their economic security.

If you know of any projects that align with the Chocolonely Foundation's mission and could benefit from funding, reach out to the submissions team via info@chocolonelyfoundation.org.

To be considered for funding, projects must meet the following criteria:

- The project must directly contribute to the advancement of the Chocolonely Foundation's mission and fall within one of the seven impact categories of action.
- The approach must be demonstrably effective and/or innovative.
- The results achieved by the project must be freely available.
- The initiative's geographic scope must focus on Côte d'Ivoire and Ghana.

Feelin' philanthropic? The Chocolonely Foundation also accepts external funding via Stichting de Chocolonely Foundation, IBAN: NL60RAB00135712548. You know what to do..



environment

BECAUSE THERE IS NO PLANET B

At Tony's, our mission promise is always number one: together, we'll end exploitation in cocoa. But.. we can't achieve our mission on a broken planet.

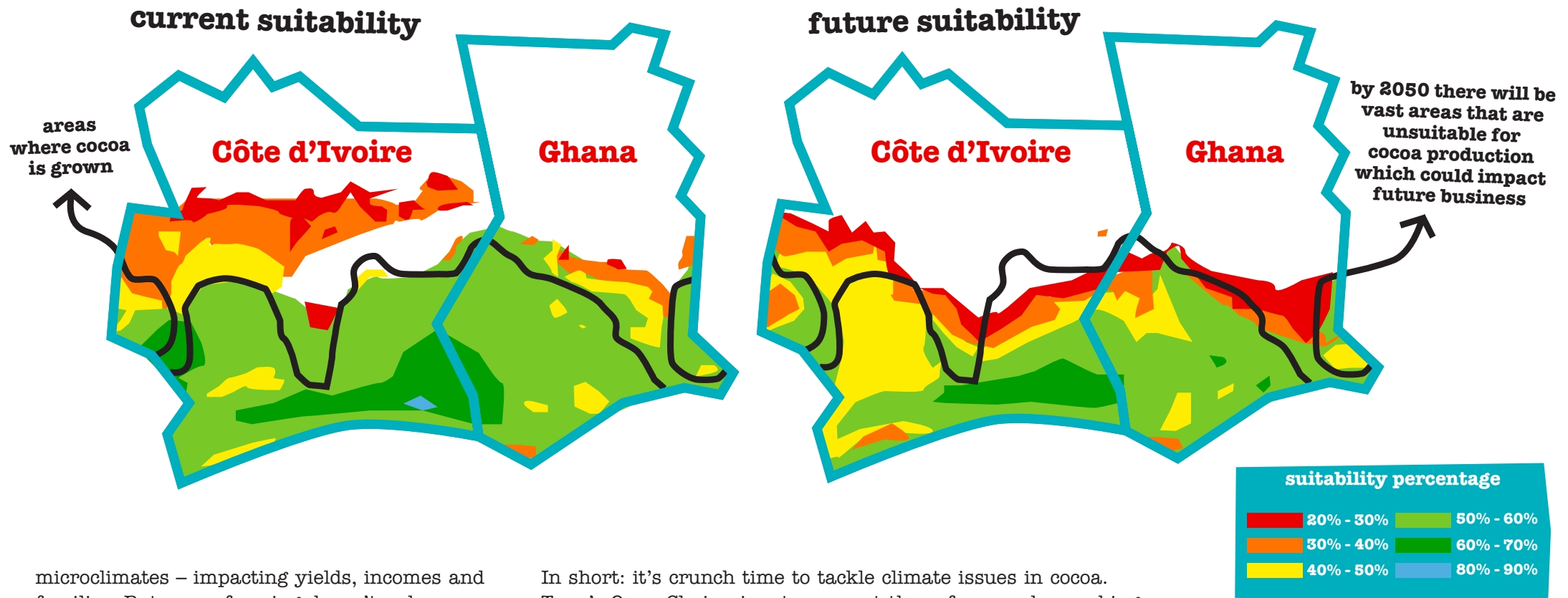
unwrapping the chocolate industry's carbon footprint

The chocolate industry has a significant carbon footprint, with emissions primarily arising from the ingredients in chocolate. For most chocolate companies, the largest source of CO₂ emissions comes from the cultivation of cocoa, driven by deforestation in major cocoa-growing regions. Other impact areas include other ingredients, transportation, production, packaging and more. Reducing the environmental impact of chocolate production requires addressing these key areas across the entire supply chain. Our emissions profile looks different, due to our 99,95% deforestation-free cocoa.

At Tony's Chocolonely, our cocoa footprint is much lower than the industry average, thanks to our 99.95% deforestation-free cocoa. Deforestation is the biggest driver of cocoa-related emissions for most companies, but by ensuring our cocoa supply chain is almost free from deforestation, we've already tackled a significant part of the problem, with 95% lower emissions in Côte d'Ivoire and 87% lower emissions in Ghana than most other cocoa from the same region, based on analysis done for the 2021/22 book year. For more on cocoa and deforestation, head to [p. 60](#). Dive into the details of our footprint on [p. 54](#).

dig into cocoa's climate impact

Cocoa is one of the largest drivers of deforestation in Côte d'Ivoire and Ghana. Large-scale deforestation has been rampant in the cocoa industry for decades. This contributes to changing



microclimates – impacting yields, incomes and families. But cocoa farming doesn't only contribute to climate change, cocoa farmers are also affected by it. Ooft! Longer dry seasons and rising temperatures mean cocoa farmers are already feeling the consequences of climate change as temperatures and extreme weather events directly impact crop yields. What's more, research¹¹ shows that by 2050, vast areas of Côte d'Ivoire and Ghana will become unsuitable for cocoa production, affecting farmers' future livelihoods. The most vulnerable at the very start of the chocolate supply chain will be disproportionately affected – a changing climate will further perpetuate poverty amongst farming communities and exacerbate existing social issues.

In short: it's crunch time to tackle climate issues in cocoa. Tony's Open Chain aims to support these farmers by working with industry partners to build resilience and sustainability within cocoa production. A recent study, commissioned by Tony's Open Chain and conducted by Wageningen University & Research, explored how climate change is impacting productivity and farmer incomes in these key cocoa-growing regions.

2023/24: a year of unprecedented harvest losses

Last cocoa season was a tough one. According to ICCO estimates, Côte d'Ivoire's production fell by 20% and Ghana's by 11%, with exports from both countries declining by 25%. The average decline in production and productivity from 2022/23 to 2023/24 was greater than in previous seasons. Unpredictable weather is common. But the exceptionally heavy rains in June and July significantly contributed to production

losses in the 2023/24 season. The rains increased humidity, spreading pests, like black pod disease, and caused cocoa flowers to fall, potentially triggering tree stress that killed some fruit. And then the spread of the swollen shoot virus worsened the situation. These combined factors led to irrecoverable losses, affecting all producers regardless of their farming practices.

The case study performed by Wageningen University & Research showed that our top-performing partner cooperative in Côte d'Ivoire saw only an 11.4% decline in average yields, highlighting the resilience achieved by implementing Tony's 5 Sourcing Principles and productivity programs. Top-performing cocoa farmers, benefitting from higher prices and long-term partnerships, proved more resilient to climate impacts than their lower-performing peers.

For cocoa farming households, these losses have serious financial consequences. Many farmers, already dealing with high fertilizer prices and other economic stresses, now face reduced incomes, leaving them vulnerable to additional climate shocks and less able to meet basic needs. The impacts on cocoa farmers show that urgent, concerted action is needed across the industry to address climate risks and support the livelihoods of those most affected at the start of the chocolate supply chain.

Tony's emissions – a lower cocoa footprint

As we mentioned in the intro, our cocoa footprint is 95% lower in Côte d'Ivoire and 87% lower in Ghana than the industry average, thanks to our deforestation-free cocoa. So, while other chocolate companies are still grappling with the environmental toll of deforestation, we have to start also addressing emissions in other areas of our supply chain, like dairy ingredients, transportation and packaging, to reduce our footprint.

Addressing carbon emissions starts with measurement. Since 2013, we've used a model made by True Price (now called the Impact Institute) to calculate our carbon footprint,

KPI 12 total carbon footprint in tonnes of CO₂

year	emissions (tCO ₂)
2020/21	51,656
2021/22	53,779
2022/23	68,182
2023/24	86,681

covering all scope 1, 2, and 3 emissions. We greatly value the work True Price has done to help us understand and tackle our carbon impact.

Tony's emissions – looking back

Our emissions are overwhelmingly driven by scope 3, with raw materials making up a sizeable chunk (roughly 75%) of our total carbon footprint. Breaking it down: milk powder accounts for 43%, sugar 4%, and cocoa 22% of our overall emissions. Altogether, we emit an average of 4.7 kg of CO₂ per kg of chocolate.

Tony's emissions – looking ahead

We're currently transitioning to greenhouse gas accounting according to the Greenhouse Gas (GHG) Protocol, and

we'll begin reporting our emissions using this method from the 2024/25 book year. This is the recognized industry standard, and it's a step towards aligning our reporting with best practices and enhancing transparency.

The GHG Protocol divides emissions into 3 scopes:

- scope 1: direct emissions from sources owned or controlled by the company
- scope 2: indirect emissions from the generation of purchased electricity, heat or steam
- scope 3: all other indirect emissions, including those from purchased materials, fuels, services, transportation and waste disposal

Tony's targets

In 2023, we joined the [Science Based Targets initiative \(SBTi\)](#), with our science-based targets officially approved and published in January 2024. Wohoo! The SBTi is a global collaboration led by CDP (formerly the Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute, and the World Wildlife Fund (WWF). Its mission is to support and encourage companies to set GHG emission reduction targets that align with the scientific consensus on limiting global warming to well below 2°C above pre-industrial levels, as outlined in the Paris Agreement.

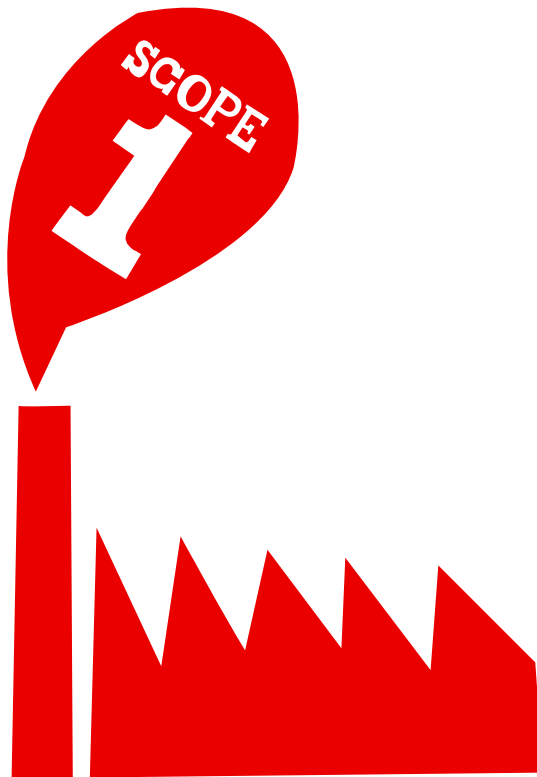
To qualify as ‘science-based’, these targets must meet stringent criteria established by the SBTi, ensuring they are ambitious, transparent and rooted in climate science (we’re here for it!). Only targets approved by the SBTi can be called science-based targets. For more info, visit sciencebasedtargets.org.

Because teamwork makes the dream work, in 2023, we partnered with climate experts at South Pole to help us set science-based targets and develop a decarbonization roadmap. We set the bar high for ourselves and locked in the maximum reduction target for SMEs under the scheme. For

Small and Medium Enterprises (SMEs) the SBTi only validates submissions for scopes 1 and 2. We pledge to reduce scope 1 and scope 2 GHG emissions by 42% by 2030 (calculated from a 2022 base year) and to measure and reduce our scope 3 emissions.

Scopes 1 and 2 make up a verrrry small part (<2%) of our overall greenhouse gas emissions. Tony’s emissions are dominated by scope 3 (>98%). That’s why most of our reduction efforts are geared towards our scope 3 emissions.

GREENHOUSE GAS EMISSIONS



.. directly produced by Tony’s – from factories, trucks, etc.



.. created indirectly by Tony’s because of the energy we consume, such as from the electricity we use to make chocolate



.. released during activities that happen outside of our direct control, like from growing cocoa

Tony's strategy

transitioning from offsetting to reduction

Since 2016, we've partnered with Justdiggitt to compensate Tony's CO₂ impact. Our efforts have successfully sequestered carbon, restored degraded land, improved water retention and supported local livelihoods in East Africa. While we're proud of the positive outcomes and the strong partnership, we recognize that offsetting alone doesn't address the issue at its crunchy core: the need to reduce our environmental footprint at the source.

To align with our evolving sustainability strategy, we've made the decision to transition our 100% CO₂ compensation strategy to a reduction strategy. Yes, offsetting has helped compensate for our impact. But it doesn't tackle the root cause of emissions. By redirecting resources towards reduction, we can address emissions more effectively and make a greater long-term impact.

exploring insetting

While we shift focus from carbon offsetting to carbon reduction in our own value chain, we prioritize insetting within the cocoa supply chain to stay on track with our mission. This pivot allows us to

support cocoa farmers in West Africa more directly, helping them implement sustainable agricultural practices that protect the environment and safeguard their future livelihoods by becoming more climate resilient. By focusing on reducing our carbon footprint at the source, we're working to create long-term environmental and economic resilience for the farmers at the heart of our mission. Over the coming years, we'll widen our scope to include emissions reductions in other parts of our value chain, such as dairy, packaging and more.

While we phase out our commitment to 100% CO₂ compensation, we're maintaining our long-standing partnership with Justdiggitt. We recognize the importance of continuity and are carefully ensuring that the shift in our choc-tastic new strategy doesn't disrupt the vital work they do. Over the coming years, we'll gradually shift from 100% compensation towards fully focusing on reducing emissions instead. We're also exploring opportunities together in our cocoa sourcing countries, assessing how we can apply Justdiggitt's valuable expertise and successful regreening model. Besides, we're also taking concrete steps into exploring insetting options. Currently, we're looking into expanding our work on shade trees, with the help of climate experts at Southpole.

compensating Tony's emissions – looking back on our partnership with Justdiggitt

As our strategy shifts toward reducing emissions at the source, we look back on our impactful work with Justdiggitt with pride and gratitude. In 2023/24, Justdiggitt reintroduced vegetation that captures 72,222 tons of CO₂, **covering 83% of our emissions for this financial year**.^{1,2}

Since 2016, Tony's Chocolonely and Justdiggitt have worked together to restore degraded landscapes in Southern Kenya and Central Tanzania. By reintroducing permanent vegetation, our partnership uses nature-based solutions to sequester carbon from the atmosphere, storing it in plants and soil.

Since 2022, our carbon allocation has been fully focused on Justdiggitt's Treecovery program in Central Tanzania's Dodoma region. Here, over 150,000 farming households are bringing back nearly 19 million trees to their land, contributing to significant carbon capture and ecosystem restoration. Altogether, our partnership aims to have sequestered 336,284 tonnes of CO₂ by 2044, regenerating over 1,000 hectares of rangelands in Kenya and establishing over a million trees in Central Tanzania.

reducing scope 1 and 2 emissions

While over 98% of Tony's emissions fall within scope 3, it remains imperative that we take our scope 1 and 2 emissions with much more than a pinch of sea salt, as we can control these more directly. Our intention is to go much further than our SBTi target of a 42% reduction. We'll be sure to keep you updated on our progress.

with great power comes great responsibility

We're minimizing the energy use in our office spaces and factory. Implementing energy-efficient lighting, sensor technology and shade systems are among the measures we have undertaken thus far. During office renovations or relocations, such as when we moved our largest office, Homebase in Amsterdam, in 2023, we prioritize integrating energy-saving solutions and other sustainability initiatives.

Our offices in the Netherlands and Germany already use renewable energy. On January 1, 2024, we switched to renewable energy for our factory and office in Belgium.

Team Tony's conscious commuting

Part of Team Tony's commuting falls under scope 1 or 2 (e.g., use of lease cars or vehicles owned by Tony's), the other part under scope 3 (e.g., commuting by public transport or own mode of transport). Say hello to our sustainable mobility policy. We encourage commuting by public transport or bike with monetary incentives: we fully reimburse employees commuting by public transport in most countries. For Tonys working at Homebase, we offer two bike lease plans; for Tonys in the United Kingdom and Germany, we offer one. We believe in working more together than apart but are open to working from home and use online meetings where possible, especially to avoid international business travel and cross-country commuting. Although, as a rapidly scaling international company, striking this balance is a continuous challenge.

reducing Tony's scope 3 emissions

The majority of our footprint comes from the ingredients that go into our chocolate. In the following sections, we highlight two ingredients with the biggest impact: cocoa and dairy.

reducing scope 3 emissions – our sweet solutions in the cocoa supply chain

The primary driver of emissions linked to cocoa production stems from land use changes – converting forests into cocoa plantations. It's possible for cocoa sourcing companies to significantly reduce emissions by rigorously ensuring that zero cocoa is produced on protected lands and financially supporting farmers on compliant farms to plant significant numbers of shade trees.

At Tony's, we combat deforestation in cocoa through 100% traceable cocoa and GPS mapping, ensuring no cocoa in our bars was farmed on protected lands. And by backing the planting of thousands of shade trees every year, we help lower temperatures on cocoa farms and contribute to biodiversity and reforestation.

When the agricultural emissions reduction using adjusted emission factor with Tony's land-use change results were compared with cocoa using generic emission factor from the World Food LCA Database, an analysis done for the 2021/22 book year, it showed that the cocoa sourced via Tony's Open Chain had a whopping 95% lower emissions in Côte d'Ivoire and 87% lower emissions in Ghana than most other cocoa from the same region.

We've been partnering with Satelligence, experts in satellite imagery analysis, to study the land use changes in Tony's Open Chain's supply chain since 2001. This analysis shows, once again, that there has been negligible deforestation or forest loss on the farms in Tony's Open Chain supply chain since 2001 (more on this on [p. 60](#)).

supporting partner cooperatives become more climate resilient

Paying a higher price over time creates a strong incentive for cocoa farmers to invest in their farms, increasing their productivity over time, ultimately boosting household incomes and providing more economic stability. Taking it a step further, Tony's Open Chain also supports our partner cooperatives with productivity programs to ensure these investments have the greatest impact on increasing yields and enhancing their farms' resilience.

In 2023/24, we continue our focus on supporting partner cooperatives to set up coaching for cocoa farmers. Partner cooperatives assign a coach to collaborate with the farmer to develop an individual farm development plan. Data from these assessments provide partner cooperatives with critical insights into the needs for seedlings, fertilizers, shade trees, pruning

and replanting, enabling bulk purchases at lower costs, this improves cost efficiency for all cocoa farmers.

Further, labor brigades organized by the partner cooperatives often carry out pruning activities to maintain the health of the farmers' cocoa trees, a crucial activity towards enabling cocoa farmers to achieve higher yields. In 2024/25, we aim to focus on increasing cocoa farmers' resilience to climate shocks through implementing projects like Climate42's innovative FarmSmarter application, combining agronomy and climatology to optimize decision-making for cocoa farmers.

a taste of what tomorrow holds..

Our cocoa decarbonization roadmap is choc-full of strategies to further cut emissions through on-farm activities, like planting more shade trees to capture carbon emissions, managing waste through composting and improving waste management practices. We will also continue our commitment to 100% supply chain traceability and assess and monitor changes in land use regularly to allow for informed decision-making.

reducing scope 3 emissions – in the dairy supply chain

We source our dairy from our supplier, Barry Callebaut. They're active members of the Sustainable Agriculture Initiative Platform's Dairy Working Group, engaging in industry-wide dialogues and joint projects. Their sustainability standards, which are fully in line with wider EU regulations, are outlined in their [Vision Dairy Charter](#). Barry Callebaut benchmarks regional sustainability standards against this charter, which covers three key pillars:

1. **Cow welfare:** Identifying and demonstrating best practices in cow and calf welfare
2. **Environmental stewardship:** Protecting and enhancing our shared environment
3. **Farm performance:** Supporting efficient, resilient and ethical business practices

In relation to carbon footprint specifically, Barry Callebaut has a commitment within the charter to continuously seek ways to



reduce their carbon footprint. As Tony's mission, and therefore primary focus, is on cocoa, we've made the decision not to invest in direct dairy programs. That being said, we will look to use our voice to encourage accelerated actions in relation to reductions in carbon emission from milk production.

What we can and will do is continue to offer great-tasting dark chocolate options, which naturally have a lower carbon footprint than their milky counterparts since they don't contain dairy. Did you know all of Tony's dark chocolate bars are vegan-friendly?! Look for the green leaf on the flavor ribbon in the choco aisle – it's your guide to delicious, plant-based indulgence.

reducing scope 3 emissions – across Tony's operations

Beyond the key emissions sources above, we take all other business aspects into account when looking at ways to improve our environmental impact. We've taken several steps over the years to mitigate our impact:

• **Waste**

We regularly monitor and record our waste during production. We melt and reuse any leftover chocolate where possible. While chocolate on its own can be used again, the inclusions (like caramel and sea salt) can't. That's why we bring the latter to a specialized biogas company that makes green energy out of them. When it comes to our chocolate, we keep a close eye on our stock and adjust forecasts regularly to mitigate waste.

• **Packaging**

Currently, 100% of our packaging is free from oil-based plastics and 90% is recyclable. Going forward, we will focus on the recyclability of the packaging, while minimizing the use of oil-based, non-recyclable packaging.

• **Shipping**

Minimizing the distance our chocolate needs to travel is also a top priority. In 2023/24, we took a thorough look at our third-party logistics network in the US. Next year, we'll undertake a significant reconfiguration of this network by transitioning from a model with two distribution centers to one with three or four centers. This change will allow 70% of our customers to be within 500 miles (800 km) of one of our centers, up from the current 27%. As a result, we expect a substantial reduction in total shipping distance, improving both operational efficiency and reducing our environmental impact. Heck yeah!

• **Other ingredients**

Business growth is usually tied to emissions growth, which is why a reduction in overall emissions is a major focus for us. We screen all new prospective suppliers prior to entering into a working relationship and make a note of environmental targets.

• **Business travel**

Whenever Tonys need to get from A to B, we encourage train travel over air travel whenever possible. All our business travel is compensated by our travel manager, TravelPerk, through VERRA-certified projects.

environmental

DEFOREST- ATION & BEYOND

Given our mission in cocoa, protecting ecosystems primarily means protecting cocoa-growing regions. By 2050, large areas in Côte d'Ivoire and Ghana – historically impacted by cocoa-driven deforestation – are predicted to become unsuitable for cocoa cultivation. Achieving sustainability for both people and the planet requires us to adopt an integrated approach to forest and ecosystem protection.

raising the floor for deforestation free cocoa

Under the EUDR, any company that places or trades cocoa on the EU market or exports them from the EU must meet the two key requirements of the regulation, which are that the cocoa must be both:

1. Free from deforestation
2. Produced in accordance with the laws of the country of production

After intense lobbying from industry and some producing countries, the European Commission proposed to delay the implementation by another 12 months. The new deadline is December 30, 2025, while small and micro firms have until June 30, 2026. Tony's Chocolonely advocated for the implementation of EUDR. We opposed the delay of the implementation, as we believe we need legislation to raise the floor for the entire industry. Feast your eyes on more of our lobbying activities on [p. 68](#).

Tony's Open Chain is committed to ensuring deforestation-free cocoa and has already aligned its supply chain practices with the requirements of the upcoming EUDR. Tony's Open Chain doesn't source cocoa from any farms that overlap with protected areas and actively supports all partner cooperatives to implement EUDR requirements. In this way, Tony's Open Chain, and with it, Tony's Chocolutely, goes beyond basic compliance by supporting partner cooperatives to prevent non-compliant products from entering the supply chain.

our efforts to ensure deforestation-free cocoa in our bars

To monitor the deforestation risk, we conduct a yearly deforestation risk analysis through Satelligence. This year's results showed that out of the 26,550 farms in scope in 2023/24, 14 farms were flagged for deforestation, meaning 99.95% of Tony's Open Chain's supply chain is verified deforestation-free. We're proud of this result, reinforcing our commitment to protecting forests and reducing deforestation risks.

agroforestry & biodiversity

All Tony's Open Chain partner farmers are trained to regularly harvest, prune and replace old or diseased cocoa trees, which is critical for preventing pests and fungal outbreaks. Tony's Open Chain's partner cooperatives in Ghana have

also started providing training in Integrated Pest Management and soil fertility strategies.

Tony's Open Chain also focuses on promoting agroforestry practices to enhance biodiversity, shade coverage and overall farm health. Shade is an important factor in protecting cocoa trees, improving not only biodiversity but also productivity. For 2024/25, Tony's Open Chain aims to assess agroforestry levels and develop a comprehensive strategy that might lead to parameter adjustments. However, for 2023/24, the farm development plans target the maintenance of:

- 15-30 shade trees per hectare with 30% crown coverage
- A minimum of 6 tree species per hectare, including 50% native species
- Free shade tree seedlings and planting assistance

Having a wide variety of plant and tree species on farms invites a host of different birds, animals and insects to maintain a natural balance in the ecosystem and prevent pests and diseases from spreading exponentially. Biodiversity for the win!

pesticides

Farms within Tony's Open Chain's supply chain use chemicals only when strictly necessary. As a baseline, all partner cooperatives adhere to Fairtrade and Rainforest Alliance standards, irrespective of their certification status. We monitor the presence of pests and diseases through farm assessments and farm development plans, which are part of mandatory coaching for all farm(er)s. This includes coaching on the correct management of pesticides and

KPI 14 **% of farms in the supply chain that are GPS-mapped and assessed against protected areas**

2021/22

100%

2022/23

100%

2023/24

100%

fertilizers optimization of biodiversity is a key approach in preventing the use of chemicals on cocoa farms, because maintaining a natural balance in the ecosystem prevents pests and diseases from spreading exponentially. Get the full scoop in our Tony's Open Chain Impact Report on [p. 45](#).

SWEET STATE- MENTS

Discover heartfelt messages from our three governing bodies, reflecting on the past year and sharing their vision for the future. In these letters, you'll hear directly from our Supervisory Board, the Mission Guardians, and the Chocolonely Foundation Board.

Supervisory Board Letter for Tony's AFR 2023/24

To everyone on Team Tony's, a big thank you from all of us on the Supervisory Board for a fantastic year.

Together, you've made great steps toward our mission, growing Tony's Open Chain and pushing our impact to new heights. Seeing the team nearly double our revenue over the past three years is truly impressive, and it speaks volumes about your determination to make a difference, even with the big challenges you've faced.

making an impact and growing big-time

Tony's growth strategy is all about impact, and we're seeing it pay off – not just in sales but in positive changes for cocoa farmers. With our growth has come a need for more cocoa, which meant we brought on eight new cooperatives in West Africa this year alone.

Supporting each cooperative isn't just about business; it's about community. Our community facilitators work closely with the cocoa farmers, making sure everyone understands our standards and, most importantly, that children are safe.

Tony's commitment to impact runs through everything we do. We keep high standards of traceability, mapping new farms with GPS technology to protect trees and prevent deforestation. This data doesn't just stay in a file – it helps us stay proactive with farmers, promoting responsible environmental practices.

As we scale, we're continuously investing in resources both in West Africa and in Amsterdam to make sure our mission stays on course as we grow. However, meeting these demands requires flexibility and resilience. With our new and existing Mission Allies substantially increasing their demand for volume year-over-year, Team Tony's Open Chain has stepped up to deliver. Your dedication means we can scale responsibly and drive impact without losing sight of our mission.

looking back at the past year

The Supervisory Board works closely with Tony's Chiefs to meet these complex demands. This past year, we approved nearly €20 million in investments to build the infrastructure that will sustain our growth. This includes new equipment at our Belgian factory, where we will be molding and wrapping up to 5,000 kilos of chocolate per hour.

Alongside these financial investments, we focused on our strategy to grow in key markets, like the US and UK, which now make up about 45% of our revenue. This indicates that Tony's has truly become a global brand.

Throughout the year we spent a lot of time together discussing and making tough calls to balance our mission and profitability as the cocoa market prices skyrocketed, presenting big challenges, with farmers benefitting little for



from left to right: Robert Schuman, Erik Bras, Ben Black, Andreas Pfluger, Willemijn Verloop, Adam Balon, Henk Jan Beltman

much of the season as they grappled with crop losses and the higher cocoa prices did not trickle down to them. Even under pressure, Team Tony's has kept its focus on sustainable growth with purpose.

The Supervisory Board's key responsibility is, above all, to safeguard Tony's mission and sustainable business growth, taking into account all our stakeholders: from shareholders to farmers, employees, customers and suppliers. Tony's Articles of Association, with Tony's 5 Sourcing Principles, keep our mission front and center, and we're here to uphold these values with full accountability.

In 2022/23, we launched the Mission Lock to cement Tony's mission indefinitely. This initiative is gaining a lot of interest as a model for mission-driven business, and we hope it will inspire others to protect their mission and its values as we have. Tony's is setting a new standard in mission-driven corporate responsibility, and we're proud to lead by example.

board activities

In 2023/24, the Supervisory Board met with Tony's Chiefs team six times, including two longer sessions focused on refining our strategy. Our Finance and Remuneration subcommittees also met regularly to provide ongoing oversight. To stay closely connected with our mission on the ground, a delegation from the Supervisory Board will be visiting Côte d'Ivoire to see the positive impact Tony's is having on local communities firsthand.

looking ahead

We believe Tony's has a unique role in building the future of sustainable business, balancing people, the planet and profit. We're setting the pace with Tony's Open Chain. By expanding our model each year, we're making a real difference in the lives of children and cocoa-growing communities in West Africa. We're incredibly grateful to our stakeholders for their support and invite them to continue inspiring sustainable practices across the industry with us.

Thank you for an amazing year, and here's to all that lies ahead.

On behalf of the Supervisory Board,

Erik Bras

a letter from the Chocolonely Foundation's board

Since its founding in 2008, the Chocolonely Foundation has remained steadfast in its mission to support cocoa-growing communities in Côte d'Ivoire and Ghana. Our focus is clear: to fund organizations that contribute to decent livelihoods for cocoa farmers, foster systemic change and challenge the status quo in the cocoa industry. Our vision of strong, resilient cocoa communities and a responsible, sustainable chocolate industry lies at the heart of everything we do.

Over the past year, our four-member board at the Chocolonely Foundation – led by Anna Laven (Head of the Board) with Syro Ronan Ronda (Treasurer) alongside Anne Sallearts and Raphaël Felenbok (General Board Members) – worked diligently, supported by Foundation Manager Belinda Borck, to stay aligned with our mission. Additionally, Pascal Balthussen, Chief of Impact at Tony's Chocolonely, continued to offer valuable insights as our business advisor.

We take pride in our innovative funding, embracing a 'flywheel' and pilot model to encourage fresh thinking. Our approach includes collaborative match-funding, such as NOOR and World Press Photo Foundation's project, which shared cocoa farming stories globally. In 2023/24, we allocated €1.928m across 23 projects aligned with our seven funding themes. These projects ranged from improving education with Edukans and health with Elucid to climate resilience through Climate42's FarmSmarter app and empowering women in Côte d'Ivoire via Yarani's vocational training.

As a foundation, we value our independence while also aiming to strengthen collaboration with Tony's Chocolonely, Tony's Open Chain and their partner cooperatives. We strive to fund pilot projects that, once successful, can be scaled further. We envision acting as

an incubator for partner cooperatives, supporting them in accessing resources to bring their ideas to life and accelerate their growth.

For 2024/25 and beyond, we aim to work towards even more systemic change, resulting in a better future for cocoa-growing communities in West Africa. If you know of any projects that align with our mission and could benefit from our funding, we encourage you to reach out to us at info@chocolonelyfoundation.org.

Thank you,

The Board of the Chocolonely Foundation



from left to right: Syro Ronan Ronda, Anna Laven, Anne Sallaerts, Raphaël Felenbok

a letter from Mission Lock

Time flies! It's hard to believe it's almost the Mission Guardians' second birthday. But what a year it's been. At the beginning of the 2024, Guardians Seth Goldman and Anne-Wil Dijkstra traveled to Côte d'Ivoire to meet several of the cocoa farmers and their families (more about that later on), the [Mission Lock website](#) went live, and Tony's had a huge year, growing everything from turnover and staff, to the number of partner cooperatives it works with, the number of child labor cases successfully remediated and the number of cocoa farmers whose lives have been positively impacted by Tony's Open Chain and Tony's 5 Sourcing Principles. There is still a lot of work to do to scale the business, and the Mission Guardians are committed to being mission stewards as the journey continues.

Over the past year, the response to the concept of having Mission Guardians to safeguard a company's mission has been very positive. The general principle is that we are in place as a reactive entity to deal only with issues when they arise based on any feedback we receive from employees, partner cooperatives or cocoa farmers. However, to help us stay connected to the business context, we receive updates from Team Tony's on business progress and any changes that relate in any way to Tony's mission.

Mission Guardian Seth has seen Tony's growth in the US first-hand. The shelves of Walgreens across the country are full of unequally divided bars. In fact, you could say that the chocolate bar that seems to be having the most fun is also the brand doing the most serious work. And doing that work is at the core of Tony's, whose commitment

to ending exploitation in cocoa requires money, time, brainpower and resources. It means dealing with complexities, unexpected consequences and lots of trial and error in finding the right approach.

Tony's could make its life easier by moving its sourcing practices to South America, where child labor is less of an issue. But that decision would have a devastating impact on the West African farming communities that rely on cocoa farming to feed their families. So instead, Tony's very consciously chooses to invest in the effort to end exploitation in the cocoa supply chain and sources from countries where child labor prevalence is high. And just as important, it chooses to be transparent about its efforts as well as the results.

One of the ironies of all this work is that as Tony's continues to grow rapidly, it will experience a higher prevalence of child labor in its supply chain. In the past 12 months, Tony's has almost doubled the number of partner cooperatives, bringing its supplier network to a total of 19. Even though there is a thorough process for vetting and training new partners, the prevalence of child labor amongst the farms of new partners is much closer to the ~50% industry average at the start of the partnership than it is to the 3.9% prevalence we see with Tony's longstanding partner cooperatives. This proves to us that Tony's 5 Sourcing Principles work. Though Tony's is making important strides to lower the prevalence of child labor, it is not realistic to expect the elimination of exploitation in the cocoa supply chain until

Tony's and Tony's Open Chain cover a much larger piece of the pie/chunk of the market. So, we need to create a dynamic where other chocolate companies become inspired to follow Tony's lead or feel enough competitive pressure that they become uncomfortable if they don't follow.

During Seth Goldman's and Anne-Wil Dijkstra's visit to Côte d'Ivoire in January 2024, they met not only cocoa farmers and cooperatives but also visited schools. One important way to keep children out of the fields is by making sure lunch is served at the schools, so Tony's has been working with the Choccolonely Foundation to feed school children twice a day. They also met with some young people who had transitioned from child labor to become school students or apprentices in a trade, such as a seamstress or a motorcycle mechanic.

Whenever they met with a partner cooperative, Seth and Anne-Wil took time to explain our roles as Mission Guardians. This year, we worked with Tony's to set up online and digital systems so that stakeholders can reach out to us to express concerns if they encounter instances where Tony's is not living up to Tony's 5 Sourcing Principles. We'll continue these efforts and push to ensure that all stakeholders are fully aware of the Mission Guardian stewardship concept and our position as a safety alarm that anyone can activate in cases of mission drift.

As Tony's and Tony's Open Chain grow, us Mission Guardians will continue our efforts to protect the mission work that Tony's does. The goal should be to make Tony's a little less lonely in its mission efforts.

Yours in Mission, Seth, Anne-Wil, Ikenna



governance

POLITICAL #IN FLUEN GERS

beyond certification: global standards & the path to sustainable cocoa

legislative landscape: The EU, UK and US

why we work to raise the bar on public policy

The need to change corporate behavior is at the core of combatting both climate change and human rights abuses in the cocoa sector. That's because social and environmental injustices arise when businesses prioritize profit over responsible sourcing and manufacturing, neglecting their duty to ensure ethical practices throughout their supply chains.

Voluntary measures – like those outlined in the Harkin-Engel Protocol waaay back in 2001 – have proven ineffective in addressing these issues. Likewise, while industry efforts – like sustainability programs – are a step in the right direction, they've been shown to not sufficiently tackle the problems at hand (more on this on p. [16](#)).

At Tony's, we believe it's our responsibility as an individual business to raise the ceiling and show that successful and sustainable business can go hand in hand. However, for industry-wide change to protect both people and the planet, we also need governments to step up and introduce bold regulations to raise the floor for all businesses, ensuring that businesses deliver the social and environmental progress the world urgently needs, together. Until that day comes, we, Tony's, will continue to take matters into our own hands and focus our efforts on advocating for progressive public policies.

what we did in public policy advocacy in 2023/24

For starters, we sharpened our focus by zooming in on specific legislations within each of our geographic target areas, the EU, US and UK, and we simultaneously broadened our perspective by advocating for forward-thinking, mandatory human rights and environmental due diligence legislation that addresses issues holistically (for more info see the table on the right).

At Tony's, we can't stress enough how crucial it is for governments to enact laws that hold companies accountable for their supply chains and protect human rights! While legislative due diligence efforts are promising first steps, their success hinges on the ambition and thoroughness of their implementation.

We also expanded our network of decision-makers through a series of meetings and strengthened our connections with key policy leaders. 'Cause the best way to show our

what we worked on in 2023/24	what we tested on a smaller scale in 2023/24	what's to come in 2024/25
• We further established Tony's Chocology as a leading voice in the EU, UK and US by raising its profile with the wider policy community and engaging with like-minded businesses who share our values and support for better corporate accountability • We brought our partner cooperatives to the UK Parliament to meet MPs and Ministers and discuss the importance of fair trade practices and a living income	• We joined the Global Commission on Modern Slavery's working group on tackling forced labor in supply chains	• We're looking to formalize our advocacy via a UK Cocoa Coalition, while continuing to make the case directly for new mandatory Human Rights & Environmental Due Diligence legislation in the UK • We intend to make sure the upcoming EU guidance and other support instruments for businesses are geared towards ending exploitation in the cocoa sector, and we'll work closely with our partner cooperatives and smallholders to prepare the new EU requirements with them

support for legislation is to show up.. .. so we did! We solidified our leadership role even further through targeted events, like our Brussels activation campaign, and initiatives alongside like-minded companies, like other B Corps, and shared interest groups, like the EU Cocoa Coalition. As we continued to raise the bar, we also raised our public policy visibility through thought leadership and began building new corporate relationships centered on the interconnected themes of environmental and human rights issues.

EU transparency register: 060579941127-92

scope & focus	status	Tony's stance	what this means
EU			
European Deforestation Regulation (EUDR)	Passed with a 12 months delay	Actively supporting timely implementation and no re-opening	We're ready for this one! (find out more in the EUDR & forests chapter of the TOC report here)
Corporate Sustainability Due Diligence Directive (CSDDD)	Passed, transposition in national law by 2026	Supporting and influencing transposition, ensuring timely implementation by 2027	Unfortunately, we are currently not in scope, but we're putting all due diligence measures in place to live up to the standards regardless
Forced Labour Regulation (FLR)	Passed	Actively supporting and preparing for implementation	We're looking forward to having this in place and are ready for it! (find out more in the Human Rights chapter of the TOC report here)
UK			
Amendments to Environment Act	Put on hold while government decides new approach	Supporting ambitious standards	We're ready for this one! (find out more in the EUDR & forests chapter of the TOC report here)
New mandatory Human Rights & Environmental Due Diligence	Developing	Calling on the government for progress, building business and NGO support	We're excited and ready for this by applying Tony's 5 Sourcing Principles for all cocoa, and we're putting all due diligence measures in place to live up to the standards regardless
Better Business Act	Awaiting further developments, particularly under the new UK Government's priorities	Supportive and outspoken via our Chief Chocolonely, Douglas, who co-chairs the BBA Coalition	We're looking forward to having this in place 'cause we're ready for it!
US			
NY Deforestation Procurement Bill	Awaiting the governor's signature	Actively supporting and advocating for sign-off from the governor	We're ready for this one! (find out more in the EUDR & forests chapter of the TOC report here)

how this looked IRL (in real life)

If you follow us, you'll already know we like to advocate on our social media channels, particularly LinkedIn, to make our voice heard. In this particular case, we made sure to tell the world that under no circumstances do we want the EUDR to be delayed or reopened. Full stop. Why? 'Cause the proposed delay is concerning, as research shows that by 2050, huge areas of Côte d'Ivoire and Ghana are projected to become unsuitable for cocoa production, affecting generations of farmers. Not to forget, cocoa farmers are already feeling the heat from climate change, with production dropping significantly (find out more in the Tony's Open Chain Impact Report on [p. 11](#)) – making it nearly impossible for farmers to earn a living income, even with higher cocoa prices. Ooft!

As part of the EU Cocoa Coalition, we lobbied alongside like-minded companies, civil society representatives and interested non-profit organizations to coalesce around specific legislative and regulatory initiatives to advocate for mandatory human rights and environmental due diligence legislation (sink your teeth into the chart on [p. 70](#) for all the sweet deets).

Looking for position papers and statements of the EU Cocoa Coalition? [Look no further.](#)

We're also part of the Supply Chain working group of the [Global Commission against Modern Slavery and Human Trafficking](#) to work together with a range of businesses to build from the existing

evidence, a theory of change for action on protecting and promoting human rights (with a specific focus on forced labor) in supply chains.

We spoke alongside important cocoa industry bodies like the Côte d'Ivoire-Ghana Cocoa Initiative (CIGCI) at the International Trade Centre's roundtable on deforestation-free global value chains hosted by the World Trade Organisation in Geneva. In an open and constructive dialogue, [we delved deep into the nexus of sustainable development](#), inclusiveness, shared responsibility and the critical interlinkages between public policies, legislations and private sector initiatives. Together, we're paving the way towards more sustainable and deforestation-free trade.

[We were part of a panel](#) by the [European Coalition for Corporate Justice](#) in Brussels for their Unpacking the CSDDD: Responsibility, Climate & Justice event.

For the upcoming year 2024/25, we want to focus on the cocoa-producing countries a choco-lot more. We aim to build on our existing relationships in Côte d'Ivoire and Ghana and are excited to deepen the dialogue across the globe. Transatlantic slavery and modern slavery or exploitation may not be the same, but many current inequalities in the world, such as institutional racism and an unequally divided cocoa chain, stem from the Global North's colonial past. On July 1, 2024, Tony's once again commemorated the abolition of slavery in Suriname and in the Caribbean in 1863, Ketí Koti (aka broken chains). To raise awareness, we give all Tonys in the Netherlands the day off on



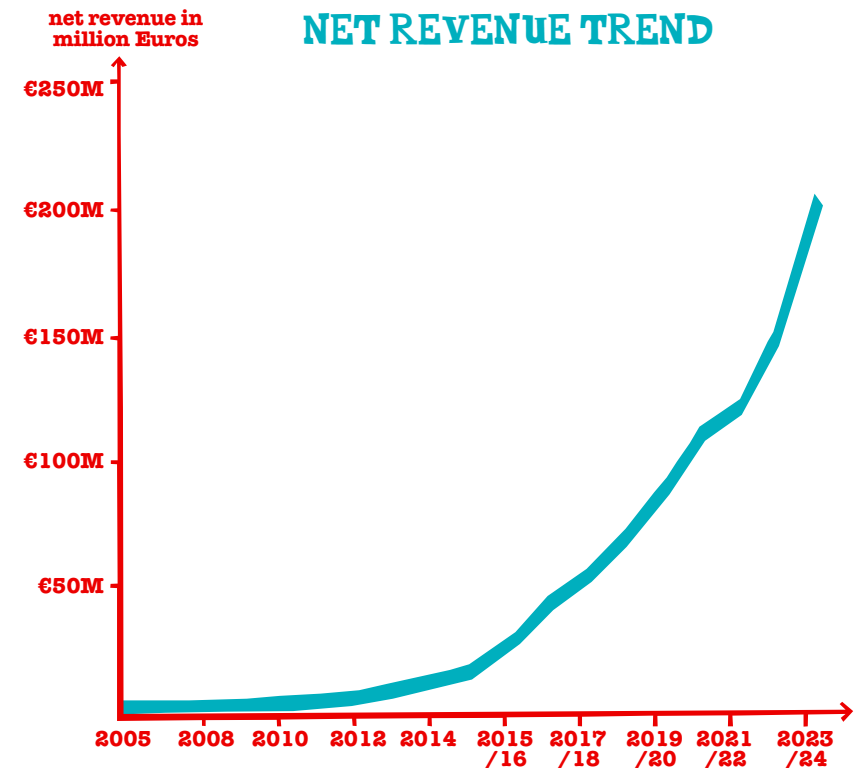
July 1 (as has been our tradition since 2020) to educate ourselves and reflect on how we can raise the bar. We also campaigned alongside Nederland Wordt Beter, The Black Archives, Lush, Funx and De Goede Zaak to create more awareness on what July 1 stands for and to make it a National Remembrance Day in the Netherlands. And more and more companies are following suit. With over 300 companies strong, momentum for this movement is growing steadily.

THE NUMBERS GAME: EXPLAINED

At Tony's, we try to lead by example by showing that commercial success can – and should – be achieved in parallel with growing impact on the ground in West Africa.

Why does this matter? For us, growth is about expanding our impact. The more chocolate we sell, the more power we have to advocate for a fairer cocoa supply chain and to drive positive change.

Our theory of change for the whole industry is that we need to show that being an impact-led company is not just the right thing to do but the smart thing to do, in order to deliver strong returns for your shareholders. That is the way we persuade the rest of the industry to change too..



We already outlined how our impact has accelerated strongly during this current year. So, let's take a look at our commercial performance too.

This year, our accelerating growth trend continued. We grew the business by 33% and delivered over €200m in net revenue. This pace of growth does not happen by chance. It is the result of dedication and collaboration across all disciplines over multiple years. From strategic market insights to strong partnerships with key global retailers to continuous improvements and scaling in our supply chain, all with creative product development and bold marketing initiatives that cut through despite modest investment – our growth is a testament to what's possible when a team works towards a shared mission.

investing upfront to grow

With an accelerating revenue trend in our key markets the Netherlands, the US, the UK and Germany, and in the rest of the world too, all our markets remain in an active growth phase. This requires ongoing investments to drive both revenue and impact.

We strongly believe we have the opportunity to build a scaled, global impact business, and we are prepared to invest in sustainable, long-term growth that maximizes positive impact over the long term rather than solely pursuing a short-term profit-maximizing agenda. This includes investing in local sales and marketing resources and investing in our own manufacturing capability in Belgium, as well as entering into strategic partnerships with third-party manufacturers in Europe and the US (where we have now established local manufacturing capability with a partner in this strategically important market).

our Profit and Loss statement (in €'000)

	2023/24	2022/23	2021/22	2020/21	2019/20
Net Turnover	200,092	150,176	121,943	109,559	88,397
Cost of Sales	-119,058	-88,704	-66,320	-58,920	-50,886
Gross Margin	81,034	61,472	55,623	50,639	37,511
Gross margin percentage	40.50%	40.93%	45.61%	46.22%	42.43%
Personnel Expenses	-35,938	-28,488	-22,619	-17,471	-12,325
Selling Expenses	-10,816	-7,337	-5,582	-12,368	-10,991
Marketing Expense	-6,880	-5,204	-6,939	-6,485	-3,174
Outbound Logistic Expenses	-14,131	-10,694	-8,416	-6,357	-4,561
General Expenses	-12,080	-8,382	-7,225	-9,053	-4,521
EBITDA	1,189	1,367	4,842	-1,095	1,939
Depreciation and Amortisation	-4,072	-3,560	-2,843	-4,794	-1,292
EBIT	-2,883	-2,193	1,999	-5,889	647
Interest Costs	-2,574	-1,115	-448	-371	-270
Income Taxes	-1,302	910	-203	1,587	-115
Net Profit	-6,759	-2,398	1,348	-4,673	262
Net Profit Percentage	-3.4%	-1.6%	1.1%	-4.3%	0.3%

our balance sheet (in €'000)

	2023/24	2022/23	2021/22	2020/21	2019/20
Fixed Assets	31,553	27,163	19,922	17,277	8,020
Intangible fixed assets	10,275	9,660	9,758	9,743	1,794
Tangible fixed assets	15,560	12,594	7,082	5,175	6,226
Financial assets	5,718	4,909	3,082	2,359	-
Current Assets	84,667	74,941	56,393	63,868	54,505
Inventories	46,402	27,409	19,369	16,152	11,484
Trade and other receivables	31,564	35,139	25,287	21,178	19,898
Cash and cash equivalents	6,701	12,393	11,737	26,538	23,123
TOTAL ASSETS	116,220	102,104	76,315	81,145	62,525
Group Equity	37,297	45,200	26,760	29,579	32,306
Long-term Liabilities	10,887	6,734	7,635	9,182	400
Current Liabilities	68,036	50,170	41,920	42,384	29,819
Short term payables	26,637	14,924	16,099	20,054	14,125
Trade and other payables	41,399	35,246	25,821	22,330	15,694
TOTAL EQUITY AND LIABILITIES	116,220	102,104	76,315	81,145	62,525

net revenues

This year, Tony's achieved a record net revenue of €200.1 million, marking a €50 million increase (that's 33.2% growth) from the previous year's €150.2 million. This was our highest net revenue increase to date! The USA and the UK largely drove this impressive growth.

gross margin

As anticipated, our gross margin – calculated as net revenue minus the cost of goods sold and our living income premium in alignment with the Living Income Reference Price (LIRP) – slightly declined from 40.9% to 40.5%.

This slight margin decrease reflects the initial impacts of the rapidly rising cocoa prices, which outpaced our recent price adjustments. Rather than passing the entire cost increase to our consumers, we chose to absorb some of the impact, maintaining our commitment to affordability while supporting fair practices throughout our supply chain.

investing in the Chocolonely Foundation

A key sales expense for Tony's is our contribution to the Chocolonely Foundation, which is 1% of our net revenue, along with the fee for our Fairtrade license. Together, these costs amounted to €2.9 million this year.

investing in long-term growth

To drive growth and increase our impact, investing ahead of the curve to scale our business globally has resulted in our operating expenses increasing year on year. After deducting these, our earnings before interest, tax, depreciation and amortization (EBITDA) reached €1.2 million, reflecting a decrease of €0.2 million from the previous year.

After accounting for the depreciation and amortization (relating to investments in our long-term infrastructure), interest and taxes, we posted a net loss of €6.8 million. We are confident that these strategic investments will deliver long-term financial resilience and deliver value creation for shareholders, in parallel with a strong positive impact for West African cocoa farmers.

our balance sheet position at a glance

Our impact growth is also reflected in our balance sheet. Our total assets grew to €116 million, mostly driven by higher inventories to meet our increased demand. This year, additional financing from financial institutions provided crucial support, although our net cash position decreased by €5.7 million. These funds enabled us to cover working capital needs and significantly expand our production capacity, laying the groundwork for meeting higher production demands in the coming year. This balanced approach to managing resources and leveraging financing strengthens our operational capabilities and positions us well for sustained growth.

Interested in more details on our financials? There's much more for you to sink your teeth into from [p. 81](#) onwards.

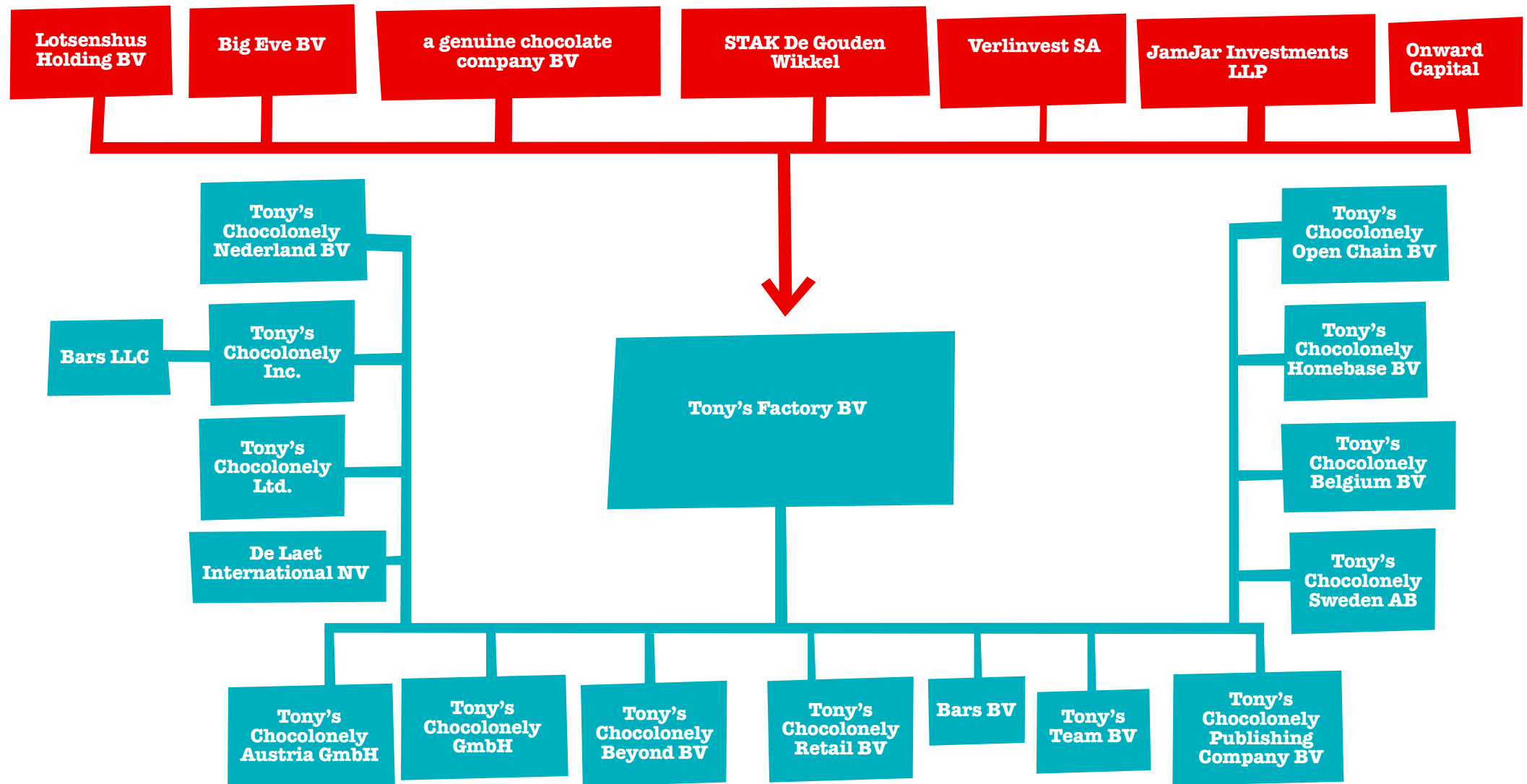
Tony's ownership structure

Tony's Factory B.V. and its 16 subsidiaries are referred to as Tony's Chocolonely. Tony's Factory B.V. is owned by 7 shareholders.

As Tony's Chocolonely expands rapidly in the US, it is proud to welcome its first US-based investor, Starbucks Founder Howard Schultz, who took a 1.96% shareholding in the company via Onward Capital in

2024. This investment follows a 2023 funding round that raised €20 million from existing private equity investors, Verlinvest and JamJar Investments. What's more, we recently completed a post-balance sheet raise of the capital of €8 million from existing shareholders to invest in expanding our molding capacity. These investments reflect both the general confidence in the strong growth

trajectory that Tony's has and the increasing investor interest in socially responsible businesses.

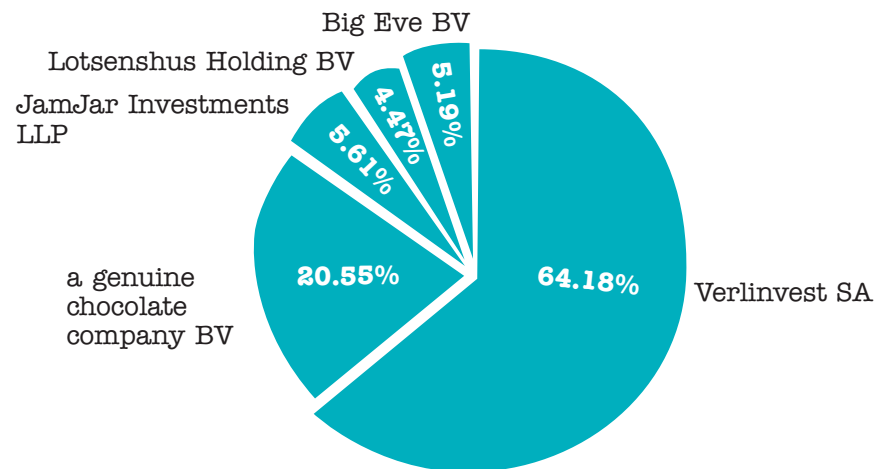


Golden Wrappers

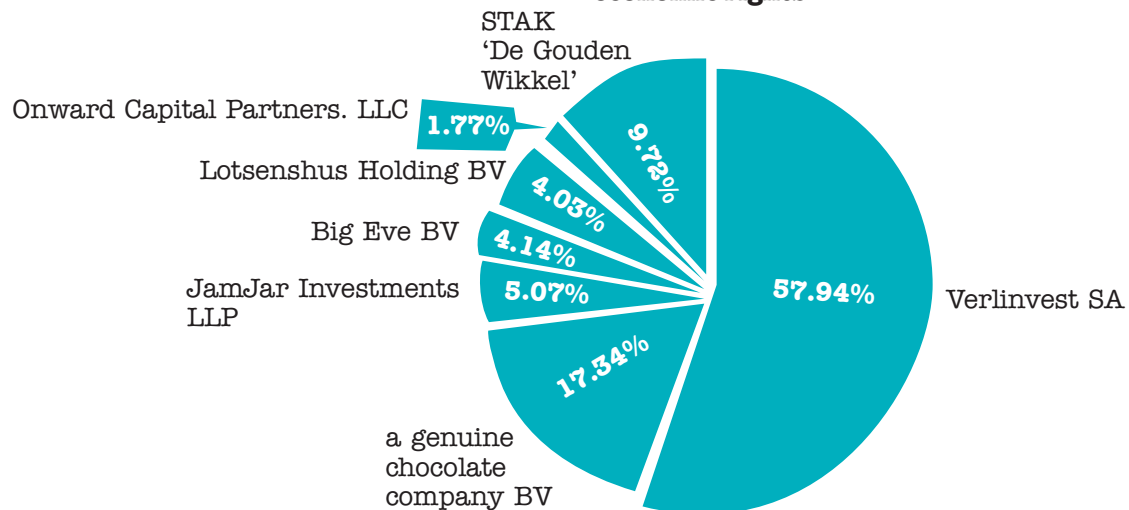
Tonys with a permanent contract are able to buy Tony's shares without voting rights. We call this opportunity our 'Golden Wrapper.' On 30 September 2024, 9.61% of the beneficial ownership of Tony's Choclonely rested in the hands of 116 Tonys with Golden Wrappers.

voting rights & economic rights

voting rights



economic rights



the numbers for our key markets: in a cocoa shell

The Netherlands, the US, the UK, and Germany are the markets we believe have the most growth potential for us in the near term. In these markets, we have invested in scaled local teams on the ground. Let's have a look at their performance over the past book year.

The Netherlands

• Sales performance

The Dutch market is still our biggest sales

contributor; it's still showing an increase in sales from €57.1 million to €60.8 million.

• Issue awareness

In the Netherlands we saw that roughly one third of the Choco Fans are aware of the issues in the cocoa industry, including the existence of modern slavery, child labor and deforestation.

• Brand awareness

As our home market, the Dutch are very familiar with Tony's, with a whopping brand awareness of 99%!

• Market share total + bars

Our market share in the entire chocolate category slightly increased from 7.2% to 7.5%. Key drivers being the comeback of our

Sinterklaas assortment, as well as the addition of Lil' Bits to our portfolio.

Our share in the chocolate bar category decreased from 17.1% to 16.5% this year.

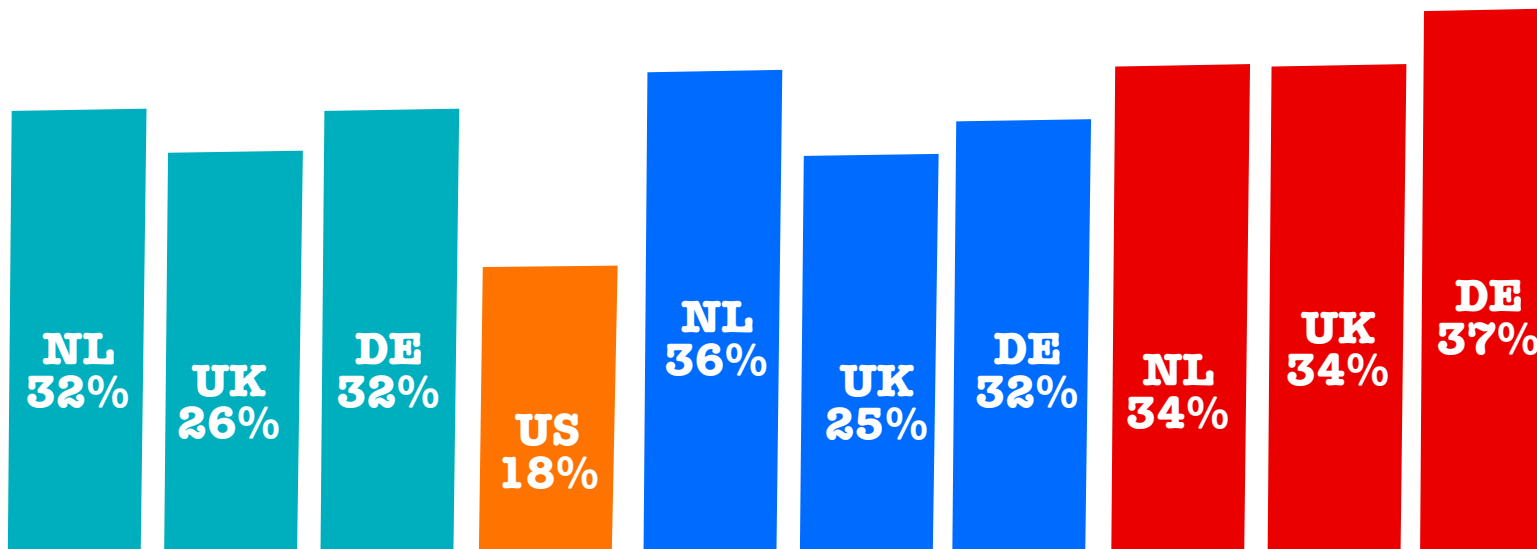
KPI 1

% of Choco Fans who are aware of the existence of modern slavery on cocoa farms

% of Choco Fans who have heard about people, including children, being exploited on cocoa farms

% of Choco Fans who are aware of the existence of child labor on cocoa farms

% of Choco Fans who are aware of cocoa farm contribution to deforestation



The US

• Sales performance

The US market exhibited the strongest growth in terms of absolute and percentage growth, growing its sales by 85% from €27.5 million to €50.8 million year-over-year. This increase was driven by a combination of launching our assortment at new retailers like Walmart and Kroger last year, as well as increased performance.

• Issue awareness

Issue awareness is 18%, which is around half compared to our European key markets.

• Brand awareness

Our brand awareness increased to 13.3%, meaning that roughly one in every eight US Americans is now familiar with Tony's Choclonely! Key drivers for growing brand awareness were our visibility in the John Oliver show and our availability in Walmart and Kroger stores.

• Market share (bars)

We continued to grow in distribution to current retailers as well as expanding at retailers like Walmart and Target. This growth is reflected in an 85% sales increase and a 6.2% total premium chocolate bars.

The UK

• Sales performance

In terms of sales performance, the UK and Ireland managed to deliver double digit growth once again. Their combined revenues increased by 45%, from €32.0 million to €46.5 million.

• Issue awareness

In the UK we saw that roughly one third, 28%, of the Choco Fans are aware of the issues in the cocoa industry, including the existence of modern slavery, child labor and deforestation.

• Brand awareness

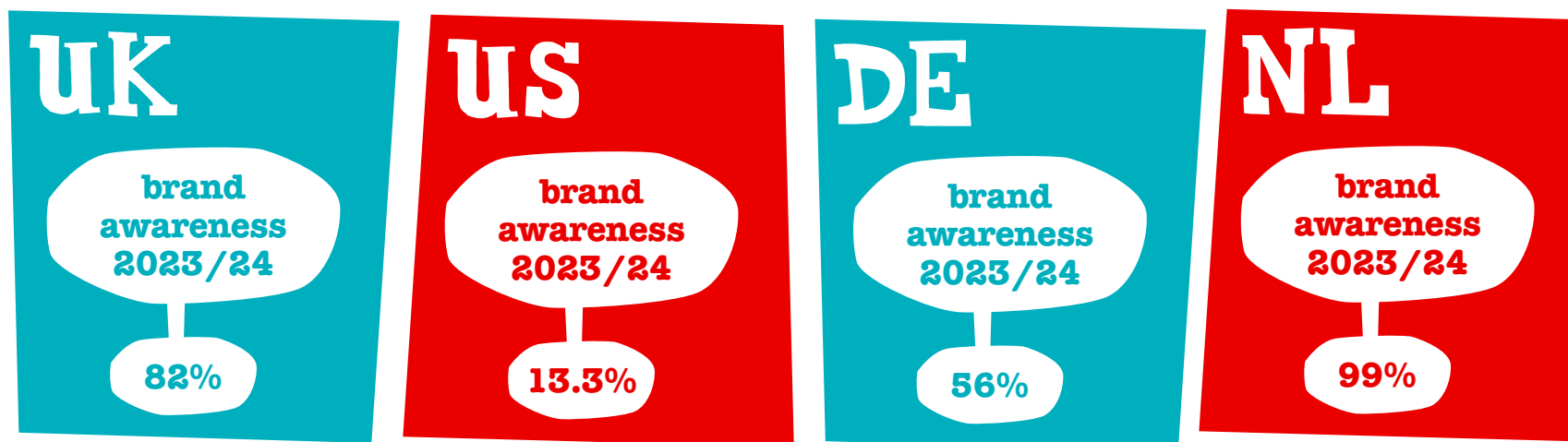
Tony's continues to be the fastest growing chocolate brand in the UK. In 2023/24, our brand awareness in the UK totaled 82%!

• Market share (bars)

Our market share in chocolate bars totaled 3.1%. We increased our distribution, added a 35g bar to our assortment (great for a snack moment) and continued to grow in key retailers like Tesco, Sainsbury's and Co-op.

KPI 9

% of Choco Fans who are aware of Tony's Choclonely



Germany

• Sales performance

Our net sales in Germany and Austria increased by 27% from €14.3 million last year to €18.2 million this year. This increase is mostly driven by improved performance at our key retailers REWE and Kaufland.

• Issue awareness

German consumers turned out to be just as well-informed about the issues in the cocoa industry as the Dutch, with a percentage of 34%.

• Brand awareness

In Germany, we successfully increased our brand awareness to 56%, meaning that more than half of all Germans are now familiar with our brand.

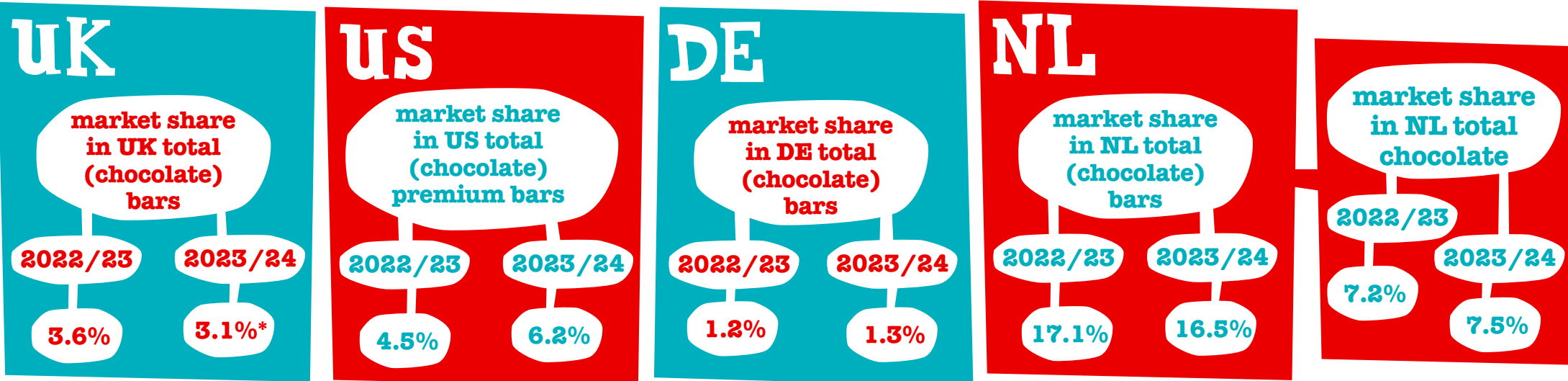
A key driver behind this jump in awareness was the Tony's Faire Alternative campaign we launched in February 2024, which played a major role in boosting our visibility.

• Market share (bars)

We grew our market share to 1.3%. Also, we positioned Tony's among the Top 10 chocolate brands (in value) in Germany.

KPI 7

% market share key markets



*the scope for the market expanded and now also includes discount stores

Homebase

In order to facilitate all this growth, we made strides in our supply chain. We further ramped up production in the US with our partnership with World's Finest Chocolate. We also made progress by increasing our production in our own factory in Belgium.

We proudly launched our new online store on the Shopify e-commerce platform, delivering an enhanced online shopping experience with streamlined navigation and improved efficiency.

Our Serious Friends are Choco Fans who support us in keeping our impact promise to end exploitation in cocoa. Our total number of Serious Friends grew by 47% this year.

KPI 2**# of Serious Friends**

financials

CRUNCHING THE NUMBERS GAME

Tony's Factory B.V. Amsterdam

Financial report

1 October 2023 until 30 September 2024

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CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

(Before distribution of result)

	Notes	30-09-2024 €	30-09-2023 €
ASSETS			
Fixed assets			
Intangible assets	1		
Development costs		0	4,878
Goodwill		6,172,408	6,546,493
Website and software		4,102,590	3,108,189
		<u>10,274,998</u>	<u>9,659,560</u>
Property, plant and equipment	2		
Renovations		2,170,564	2,457,600
Production equipment		12,155,760	9,124,914
Transport and other office equipment		862,387	905,195
Assets under construction		370,803	106,098
		<u>15,559,514</u>	<u>12,593,807</u>
Financial assets			
Deferred tax assets	3	4,372,486	4,908,922
Loans receivable	4	1,345,006	1,271,974
		<u>5,717,492</u>	<u>6,180,896</u>
Total fixed assets		<u>31,552,004</u>	<u>28,434,263</u>
Current assets			
Inventories	5	46,401,813	33,873,289
Trade receivables	6	27,499,221	24,392,440
Current tax receivable	7	198,739	867,724
Dividend tax		71,902	35,938
Loans receivable		21,683	24,866
Other receivables, prepayments and accrued income	8	3,470,381	2,834,507
		<u>77,663,739</u>	<u>62,028,764</u>
Derivative Instrument	9	302,562	655,185
Cash and cash equivalents	10	6,701,476	15,392,857
Total Current Assets		<u>84,667,777</u>	<u>78,076,806</u>
Total assets		<u>116,219,781</u>	<u>106,511,069</u>
EQUITY AND LIABILITIES			
Group equity	11	<u>37,297,171</u>	<u>46,475,767</u>
Long-term liabilities			
Loans contracted	12	5,166,661	5,833,329
Lease liabilities	13	5,720,586	901,031
		<u>10,887,247</u>	<u>6,734,360</u>
Current liabilities and accruals			
Amounts owed to banks	10	24,563,341	16,874,131
Loans contracted: short term	12	666,668	666,668
Lease liabilities: short term	13	1,406,831	383,087
Trade payables	14	26,834,728	22,472,179
Current tax payable	7	536,235	131,156
Deferred tax liabilities	3	374,818	0
Value added tax		1,618,966	1,431,793
Social security contributions		595,332	594,685
Other liabilities and accrued expenses	15	11,438,444	10,747,243
		<u>68,035,363</u>	<u>53,300,942</u>
Total equity and liabilities		<u>116,219,781</u>	<u>106,511,069</u>

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD
01-10-2023 UNTIL 30-09-2024

	<i>Notes</i>	01-10-2023- 30-09-2024 €	01-10-2022- 30-09-2023 €
Net turnover	16	200,092,397	150,175,626
Cost of sales	17	(119,057,935)	(88,703,786)
Gross turnover result		81,034,462	61,471,840
Selling expenses	18	36,222,290	26,671,043
Administrative expenses	19	47,724,870	37,003,586
Total selling and administrative expenses		83,947,160	63,674,629
Net turnover result		(2,912,698)	(2,202,789)
Other operating income	2	30,000	14,000
Interest expenses and similar expenses	20	(2,574,442)	(1,118,773)
Result before taxes		(5,457,140)	(3,307,562)
Taxes	21	(1,301,700)	909,932
Result after taxes		(6,758,840)	(2,397,630)

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD
01-10-2023 UNTIL 30-09-2024

	<i>Notes</i>	01-10-2023- 30-09-2024 €	01-10-2022- 30-09-2023 €
Total of cash flows used in operating activities			
Operating result		(2,912,698)	(2,202,789)
Adjustments for:			
Depreciation and Amortization	1 & 2	4,102,452	3,296,253
Impairments	1 & 2	0	291,413
		<u>4,102,452</u>	<u>3,587,666</u>
Changes in working capital			
Increase in inventories	5	(12,528,524)	(9,723,080)
Increase in accounts receivable	6	(3,106,781)	(9,846,617)
Increase in accounts payables		4,362,549	7,985,681
Increase in other receivables, payables and VAT		500,927	91,266
		<u>(10,771,829)</u>	<u>(11,492,750)</u>
Total of cash flows used in operations		(9,582,075)	(10,107,873)
Interest paid	20	(2,252,687)	(951,567)
Income tax paid	21	(369,772)	(398,293)
Insurance claim		0	3,500,000
		<u>(2,622,459)</u>	<u>2,150,140</u>
Total of cash flows used in operating activities		(12,204,534)	(7,957,733)
Total of cash flows used in investment activities			
Purchase of intangible assets	1	(2,217,163)	(1,363,595)
Purchase of property, plant and equipment	2	(5,594,695)	(7,703,213)
Proceeds from sales of property, plant and equipment	2	30,000	14,000
Acquisitions, net of cash acquired		0	(1,500,000)
Total of cash flows used in investment activities		(7,781,858)	(10,552,808)
Total of cash flows generated from financing activities			
Receipts from issuance of share capital		84	5,682
Share buy-back		(550)	(1,757)
Share premium capital contribution		337,838	24,934,880
Share premium buy-back		(1,595,346)	(3,675,237)
Proceeds from finance leases		8,016,800	0
Repayments of borrowings		(666,668)	(666,668)
Repayments of lease liabilities		(2,173,501)	(460,500)
Repayment of credit facility		(14,931,772)	0
Increase in payables to credit institutions	10	22,641,498	1,860,249
Total of cash flows generated from financing activities		11,628,383	21,996,649
Exchange rate and translation differences on cash		(333,372)	169,604
Total of (decrease)/increase in cash and cash equivalents		(8,691,381)	3,655,712
Movement in cash and cash equivalents	10		
Cash and cash equivalents at the beginning of the period		15,392,857	11,737,145
(Decrease)/Increase in cash and cash equivalents		(8,691,381)	3,655,712
Cash and cash equivalents at the end of the period		6,701,476	15,392,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General notes

The most important activities of the entity

The activities of Tony's Factory B.V. and its group companies ('the Group') primarily consist of the production and trading of Fairtrade and slave-free chocolate products.

The location of the actual activities

The registered and physical address of Tony's Factory B.V. ('the Company') is Danzigerkade 23B, 1013 AP, Amsterdam, The Netherlands. The Company relocated to this address in April 2023, having previously occupied office space at Polonceaukade 20, 1014 DA, Amsterdam, The Netherlands. Tony's Factory B.V. is registered with the Chamber of Commerce under registration number 34241705.

Disclosure of going concern

The equity of the Group amounted to €38.3 million as at 30 September 2024. Throughout the financial year, the Group faced a negative overall operating cash flow, primarily due to a rise in working capital requirements, with a significant increase in inventory of approximately €12.5 million being the main contributor. Additional impacts on cash flow included €4.7 million invested in new production facilities and a share premium buyback totaling €1.6 million.

Based on management's forecast, which indicates ongoing revenue growth, an analysis of the projected cash flows for the 12-month period following the date of these financial statements has been conducted. With a positive outlook for the future, the Group expects to achieve continued growth and improved profitability, driven by strong brand positioning, increasing consumer demand, and strategic investments aimed at furthering our mission and market impact.

Accordingly, management believes that there is no doubt regarding the Group's ability to continue operating as a going concern, and the going concern assumption has been applied in the preparation of these financial statements.

Furthermore, the Group has demonstrated its commitment to ensuring financial stability and operational continuity by securing a capital injection amounting to €8 million during November 2024. This investment was provided by the Group's key shareholders as part of a strategic initiative to support the expansion of the Group's manufacturing facilities located in Belgium. The additional funding underscores the confidence of the shareholders in the Group's growth prospects and long-term viability. This expansion is expected to enhance production capacity, improve operational efficiency, and position the Group to meet increasing market demand. The capital injection strengthens the Group's financial position and contributes positively to its ability to continue as a going concern.

Disclosure of group structure

Tony's Factory B.V. is a private limited liability company under Dutch law, with its shares distributed as follows:

Voting Rights:	%
• Verlinvest S.A.:	64.18%
• A Genuine Chocolate Company B.V.:	19.20%
• JamJar Investments Nominee Limited:	5.61%
• Big Eve B.V.:	4.58%
• Lotsenshus Holding B.V.:	4.47%
• Onward Capital Partners LLC:	1.96%

Economic Rights:	%
• Verlinvest S.A.:	58.01%
• A Genuine Chocolate Company B.V.:	17.36%
• Stichting Administratiekantoor 'De Gouden Wikkel':	9.61%
• JamJar Investments Nominee Limited:	5.07%
• Big Eve B.V.:	4.14%
• Lotsenshus Holding B.V.:	4.04%
• Onward Capital Partners LLC:	1.77%

During the period ended 30 September 2024 there was a change in voting rights wherein A Genuine Chocolate Company B.V. (1.35%) and Big Eve B.V. (0.61%) sold shares to Onward Capital Partners LLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Disclosures about estimates, judgements, assumptions and uncertainties

In applying the principles and policies for drawing up the financial statements, the directors of the Group make different estimates and judgments that may be essential to the amounts disclosed in the financial statements.

If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Disclosure of consolidation

The consolidation includes the financial information of Tony's Factory B.V., its group companies, and other entities over which it exercises control or whose central management it conducts. Group companies are entities in which Tony's Factory B.V. exercises direct or indirect control, either through a shareholding of more than one-half of the voting rights or by having the power to govern their financial and operating policies. Potential voting rights that can be exercised as of the balance sheet date are also considered.

The consolidation includes the financial information of Tony's Factory B.V., its group companies, and other entities over which it exercises control or whose central management it conducts. Group companies are entities in which Tony's Factory B.V. exercises direct or indirect control, either through a shareholding of more than one-half of the voting rights or by having the power to govern their financial and operating policies. Potential voting rights that can be exercised as of the balance sheet date are also considered.

Intercompany transactions, profits, and balances among group companies and other consolidated entities are eliminated unless these results are realized through transactions with third parties. Unrealized losses on intercompany transactions are also eliminated unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been adjusted where necessary to align with the prevailing group accounting policies.

Tony's Factory B.V. serves as the holding company in which all intangible assets, as well as costs incurred on behalf of the entire Group, are recorded. Tony's Factory B.V. holds fifteen fully owned subsidiaries:

- Tony's Chocolonely Nederland B.V. (100%), holds our Dutch business activities;
- Tony's Chocolonely Inc. (100%), holds our US business activities;
- Tony's Chocolonely Ltd. (100%), holds our UK business activities;
- Tony's Chocolonely Retail B.V. (100%), holds our Brand Store(s);
- Tony's Chocolonely GmbH (100%), holds our German business activities;
- Tony's Chocolonely Beyond B.V. (100%), holds our Bronze and Silver business activities;
- Tony's Chocolonely Austria GmbH (100%), holds our Austrian business activities;
- Tony's Chocolonely Sweden AB (100%), holds our Swedish business activities;
- Tony's Chocolonely Homebase B.V. (100%), holds our head office supporting activities;
- Tony's Team B.V. (100%), holds all our Dutch employee contracts;
- Tony's Chocolonely Publishing Company B.V. (100%), holds the movie rights of our film 'The Chocolate Case' and our photo book 'Bitter Chocolate Stories';
- Tony's Chocolonely Open Chain B.V. (100%), holds our mission allies activities;
- Tony's Chocolonely Bars B.V. (100%), holds the buying activities of finished goods for all markets;
- De Laet International N.V. (100%), holds manufacturing and intercompany sales activities of Tony's Chocolonely Bars B.V.;
- Tony's Chocolonely Belgium B.V. (100%), holds our Belgian business activities.

Tony's Chocolonely Inc., holds one fully owned subsidiary:

- Tony's Chocolonely Bars LLC (100%), holds the buying activities of finished goods for the US market.

General accounting principles

The accounting standards used to prepare the financial statements

The consolidated financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Change in accounting estimates - production equipment

During the financial year, the Group revised its accounting estimate regarding the useful life of production equipment. Previously, production equipment was depreciated over a period of 5 years. Following a detailed review, it was determined that a 10-year depreciation period better reflects the equipment's economic benefits and usage pattern.

This change in estimate is accounted for prospectively from the date of reassessment, in line with Dutch GAAP. The impact of this change is reflected in the current and future depreciation expense in the income statement, resulting in a lower depreciation expense and a higher carrying value of production equipment compared to prior periods.

The effect of this change in estimate on the financial statements is as follows:

- Reduction in annual depreciation expense for production equipment.
- Revised carrying amounts of production equipment reported in the balance sheet.

Below we will summarise the impact of the change in accounting estimate on the financial figures for the year ended 30 September 2024. The change in accounting policy is done prospectively from 1 October 2023 and the comparative figures are not updated to reflect this change.

	Before Change (5 years) €	After change (10 years) €	Impact €
Depreciation on production equipment	1,785,491	1,106,721	678,770

Change in accounting policy - Open Chain Prepaid program costs capitalisation

In accordance with Dutch Generally Accepted Accounting Principles (Dutch GAAP), the company has revised its accounting policy for the treatment of Tony's Open Chain Program costs (hereafter "Open Chain Program costs"). These expenses were previously expensed as incurred. However, starting 1 October 2023, the company will capitalize such expenses as part of the cost of inventory, in line with the matching principle and to better reflect the cost of goods sold.

The decision to capitalize Open Chain Program costs aligns the company's accounting policy with industry practices and provides more accurate financial information regarding the true cost of inventory. This change reflects a more appropriate allocation of costs, as the Open Chain Program costs directly contribute to bringing inventory to its present location and condition. Consequently, this change is expected to improve the matching of costs with the related revenues and present a clearer view of the company's financial performance.

The change in accounting policy has been applied retrospectively in accordance with Dutch GAAP. The effect on prior periods is as follows:

- Inventories: Inventories increased by the amount of capitalised Open Chain Program costs that have been recognised in previous and current periods.
- Operating expenses: Various operating expense items reduced in the prior and current period, reflecting the capitalisation of these expenses into inventory.

The following table summarises what the impact on key financial statement line items as of the most recent comparative period:

	Before Change €	Impact €	After change €
30 September 2023 (comparative figures)			
<i>Correction of FY21/22 impact in FY22/23</i>			
Inventory (B/S)	32,317,396	1,276,097	33,593,493
Retained earnings: opening balance (B/S)	(26,760,155)	(1,276,097)	(28,036,252)
<i>Correction of FY22/23</i>			
Inventory (B/S)	33,593,493	(1,276,097)	32,317,396
Cost of goods sold (I/S)	87,427,689	1,276,097	88,703,786
Open Chain Program costs (I/S)	1,555,892	(1,555,892)	0
Inventory (B/S)	32,317,396	1,555,892	33,873,288

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

Correction of FY22/23 impact in FY23/24

Inventory (B/S)	44,142,936	1,555,892	45,698,828
Retained earnings: opening balance (B/S)	(46,475,767)	(1,555,892)	(48,031,659)
Inventory (B/S)	45,698,828	(1,555,892)	44,142,936
Cost of goods sold (I/S)	117,502,043	1,555,892	119,057,935
Open Chain Program costs (I/S)	2,323,315	(2,323,315)	0
Inventory (B/S)	44,142,936	2,323,315	46,466,251

Going forward, the Open Chain Program costs will be capitalized as part of inventory costs, and subsequently expensed as part of the cost of goods sold when the related inventory is sold. This change is not expected to have a significant impact on the financial statements in future periods, except for the improved matching of expenses with revenues.

Conversion of amounts denominated in foreign currency

The financial statements are presented in euros, which is the functional and presentation currency of the Group.

Basis of conversion and processing of exchange rate differences relating to foreign currency transactions for the balance sheet

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the consolidated income statement, unless hedge accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the applicable rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Any resulting exchange differences are taken directly to the legal reserves for translation differences within equity.

Finance leases

The Group has lease contracts whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognised on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long-term debts.

The interest component is included in the consolidated income statement for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operating leases

The Group has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the Group. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the consolidated income statement for the duration of the contract.

Share based payments

The Group operates an Employee Share Participation Plan through which selected and eligible employees of the Group may participate indirectly in the share capital of the Group by acquiring certificates over shares in the Company (Certificates). These Certificates are issued by Stichting Administratiekantoor 'De Gouden Wikkell'.

Under the terms of the Plan, for every five Certificates an employee acquires, the employee becomes entitled to receive one bonus Certificate after a vesting period of five years, provided that the employee continues to hold the original Certificates and remains employed by a Group company throughout the vesting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As the entitlements to bonus Certificates are classified as equity-settled share-based payment transactions, the grant date fair value of the bonus Certificates is typically recognized as an expense over the five-year vesting period, with a corresponding credit to equity. However, given the limited yearly impact, the fair value of the bonus Certificates is expensed at the time of issuance.

As of 30 September 2024, the total number of Certificates held by employees and related parties is 737.610 (30 September 2023: 737,610), of which 539 Certificates (30 September 2023: 539) are eligible for participation in the aforementioned bonus Certificate program.

Financial instruments

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at amortised cost.

MARKET RISK

Currency risk

The Group's currency risk arises from positions and future transactions in US dollars, British pounds, and Swedish krona. Management has determined, based on a risk assessment, that given the current limited exposure, hedging these currency risks is not yet necessary. However, the current volatility in the foreign exchange market, combined with the expected growth in our US and UK businesses next year, will likely necessitate more active hedging policies. Forward exchange contracts are expected to be the primary tool used for this purpose.

Price risk

Fluctuations in cocoa terminal market prices represent the main price risk that the Group needs to manage. Management actively monitors relevant market and price developments, collaborates with a specialized trading desk, Cocosource, and mitigates risk by entering into long-term couverture contracts with our various cocoa processing partners (including Barry Callebaut, Baronie and World's Finest). These contracts are based on a gross profit margin analysis, ensuring a stable and predictable gross profit margin.

Interest rate and cash flow risk

The Company has two existing loan agreements from prior years. At the time these loans were contracted, the Group also purchased two floating-to-fixed interest rate swaps for €8.0 million, decreasing to €4.0 million, which convert the floating interest rate on the term loan to a fixed interest rate. The duration of these hedge instruments is identical to the underlying term loan. These interest rate swaps qualify as cash flow hedges, as they protect against variability in cash flows attributable to the floating interest rate risk on the term loan, which could otherwise impact profit or loss.

During the current and prior financial year, the Group entered into three additional lease agreements to the value of €8.0 million to finance the purchase of production equipment for US and Belgian manufacturing activities.

CREDIT RISK

Sales are made to customers that meet the Group's credit rating criteria. Goods and services are sold with payment deadlines ranging from 14 to 60 days. For major customers, a different payment period may apply, in which case additional securities, such as guarantees, are required. Issued loans to related parties and shareholders do not have a history of non-performance.

LIQUIDITY RISK

The Group has implemented a cash pool system to manage the daily working capital needs of the participating operating entities more efficiently. Deutsche Bank provides the settlement mechanism for the cash pool system. This system exposes the Company to a single net amount with the financial counterparty, rather than the gross amount of several current accounts and bank overdraft balances. From an operational perspective, the balances in the cash pool are netted; however, in accordance with the guidance of RfJ, these balances are presented on a gross basis in our consolidated financial statements (see Notes 7 and 12).

Current value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an open market. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an open market, it will be stated at cost or current value, if lower.

Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument to which hedge accounting is applied.

Derivatives embedded in a host contract ('embedded derivatives') are always separated from the host contract if:

- no close relationship exists between the economic characteristics and risks of the derivative and the host contract;
- A separate instrument under the same conditions would satisfy the definition of A derivative.

The Group applies hedge accounting. The Group documents the relationship between hedging instruments and hedged items at the inception of the transaction. The Group also tests its assessment, both at hedge inception and on an ongoing basis, or whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. This can be done by comparing the critical characteristics of the hedge instrument with those of the hedged position, and/or by comparing the change in the fair value of the hedge instrument with the hedged position. If there is an indication of ineffectiveness, the Group measures this potentially ineffective part by conducting a quantitative ineffectiveness analysis.

Derivatives quoted in an open market not designated as hedging instruments are stated at fair value. Changes in the fair value of these derivative instruments are recognised directly in the consolidated income statement.

Derivatives not quoted in an open market not designated as hedging instruments are stated at cost or current value, if lower, after initial recognition at fair value. If the fair value as at balance sheet date is lower than the cost of the derivative financial instrument, the difference is recognised in the consolidated income statement.

In applying derivative financial instruments valued at cost for which cost price hedge accounting is applied the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item. This means that when the hedged item is carried at cost, the derivative instrument is also carried at cost.

If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date.

If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognised directly in profit or loss.

The Group shall discontinue prospectively the cost price hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting.

The Group applies cost price hedge accounting to interest rate swaps that ensure that certain liabilities with variable interest rates are converted into loans with fixed interest rates. The ineffective portion of the change in value of the interest rate swaps is recognised in profit or loss under the financial income and expense.

The Group also uses cost price hedge accounting for its forward exchange contracts intended for future purchases in pounds sterling and sales in US dollars. Where appropriate, the gain or loss relating to the ineffective portion of the change in value of forward exchange contracts is recognised in the consolidated income statement within financial income and expense.

Foreign exchange differences on a loan denominated in a foreign currency that was contracted to fund or hedge a net investment in a foreign operation are recognised in the reserve for currency translation differences within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting principles

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset is higher than its realisable value.

Impairment of intangible assets

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the consolidated income statement while the carrying amount of the asset concerned is concurrently reduced.

Development costs

Research costs are recognised in the profit and loss account. Expenditure on development projects is capitalised as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful and the cost can be determined reliably. A legal reserve has been formed within equity with regard to the recognised development costs for the capitalised amount. The amortisation of capitalised development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset.

Costs of goodwill acquired from third party

Goodwill resulting from acquisitions is capitalised and amortised on a straight-line basis over the estimated economic life.

Negative goodwill is released in the consolidated income statement to the extent that charges and losses occur, if it is taken into account in the allocation of the acquisition and these charges and losses can be measured reliably. If expected charges and losses have not been taken into account, the negative goodwill is released based on the weighted average of the remaining life of the acquired amortisable assets. Insofar as the negative goodwill exceeds the fair value of the non-monetary assets identified, the surplus is recognised directly in the consolidated income statement.

Property, plant and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Impairment of property, plant and equipment

On each balance sheet date, the Group assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the consolidated income statement while the carrying amount of the asset concerned is concurrently reduced.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Tony's Factory B.V. Consolidated can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the consolidated income statement.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the consolidated income statement.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognised for all deductible temporary differences between the value of the deferred tax assets and liabilities resulting from changes in tax rates are recognized in profit or loss, unless they relate to items previously recognized directly in equity, in which case the adjustment is made directly to equity.

Offsetting Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Other financial assets

Other financial fixed assets recognised under financial fixed assets are initially valued at the fair value less transaction costs. These financial fixed assets are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Inventories

Inventories (stocks) are valued at the lower of cost or net realizable value using the fixed cost valuation method.

The cost price includes the historical cost or production cost and any costs incurred to bring the stocks to their current location and condition. Production costs encompass direct labour and both fixed and variable production overheads, which include the costs of the operations office, maintenance department, and internal logistics.

Net realizable value is determined as the estimated selling price less directly attributable selling costs. In assessing the realizable value, consideration is given to the obsolescence of inventories.

The valuation approach ensures that inventories are reported at a value that reflects either their cost or their net realizable value, whichever is lower.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed

under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Prepayments and accrued income

On initial recognition accrued income are recognised at fair value. After initial recognition accrued income are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Group equity

Group Equity is the residual interest in the assets of the Group after deducting liabilities.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions for pension are valued on the basis of actuarial principles. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Provisions for pension obligations

The Group has a number of pension schemes for employees; these are financed by payments to the pension administrator. The premium payable is recorded as an expense in the consolidated income statement.

The pension scheme for the director-owner is self-administered. A provision is recognised for the pension liabilities accrued as per the balance sheet date, which consists of the pension rights accumulated, including unconditionally agreed (future) indexations of the rights built up.

The provision is stated based on actuarial valuation methods generally accepted in the Netherlands. The actuarial assumptions to be applied are based on AG-mortality (life) table, being the best estimate of the variables which determine the amount of the expenditure which is expected to be necessary to settle the liability. The expenditure is discounted at the current market interest rate, which is the market interest rate applicable to high quality corporate bonds.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the consolidated income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net turnover comprises income derived from the supply of goods and services, after deducting discounts, customer allowances, and taxes levied on turnover.

Revenue is recognized when all performance obligations under contracts with customers have been fulfilled. Specifically, revenue from the supply of chocolate products is recognized when the contractually agreed quantities of products have been delivered to customers and all related performance obligations have been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cost of sales

Cost of sales represents the direct and indirect expenses attributable to revenue, purchase expenses related to the goods sold, employee cost, depreciation charges for buildings and equipment, and other operating expenses that are attributable to cost of sales.

Selling expenses

Selling expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

General and administrative expenses

General and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

Wages

The benefits payable to personnel are recorded in the consolidated income statement on the basis of the employment conditions.

Applied policy of pension costs

The Group applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. Changes in the pension provision are also charged to the result. The contributions are recorded as personnel costs from the date that they become payable.

Prepaid contributions are reported as accrual if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Foreign pension plans are designed and operate in a similar way to the local Dutch pension system. Recognition and measurement of liabilities arising from these pension schemes are carried out in accordance with the measurement of the Dutch pension schemes.

For foreign pension schemes which are not comparable with the way in which the Dutch pension system has been set up and operates, a best estimate is made of the obligation as at the balance sheet date.

Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed assets, including goodwill, and tangible fixed assets are depreciated or amortised from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets and capitalised goodwill. Land is not depreciated.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Dividends to be received from participations and securities not carried at net asset value are recognised as soon as Tony's Factory B.V. Consolidated has acquired the right to them.

Changes in the value of financial instruments recognised at fair value are recorded in the consolidated income statement.

Income tax expense

Tax on the result is calculated based on the result before tax in the consolidated income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

In the financial statements of group companies a tax charge is calculated on the basis of the accounting result. The corporate income tax that is due by these group companies is charged into the current accounts with the Group.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

ASSETS

Fixed assets

1 Intangible assets

Movements in intangible fixed assets can be broken down as follows:

	Development costs €	Goodwill €	Website and software €	Total €
Balance as at 1 October 2023				
Cost or manufacturing price	230,931	7,481,706	6,187,220	13,899,857
Accumulated amortization	(226,053)	(935,213)	(3,079,031)	(4,240,297)
Book value as at 1 October 2023	4,878	6,546,493	3,108,189	9,659,560
Movements: 30 September 2024				
Additions	0	0	2,217,163	2,217,163
Amortisations	(4,878)	(374,085)	(1,209,407)	(1,588,370)
Disposals	(230,931)	0	(14,463)	(245,394)
Amortisations on disposals	230,931	0	1,427	232,358
Impairment losses	0	0	0	0
Foreign exchange differences	0	0	(319)	(319)
	(4,878)	(374,085)	994,401	615,438
Balance as at 30 September 2024				
Cost or manufacturing price	0	7,481,706	8,389,920	15,871,626
Accumulated amortization	0	(1,309,298)	(4,287,330)	(5,596,628)
Book value as at 30 September 2024	0	6,172,408	4,102,590	10,274,998

Intangible assets: Economic life

	Development costs	Goodwill	Website and software
Useful life:	5 years	20 years	5 years

Goodwill arose from the purchase of 100% of the shares in Althaea-De Laet during the financial year ended 30 September 2021. The goodwill amount represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired.

An impairment trigger test for goodwill from an acquisition is performed when there are indications that the goodwill may be impaired. This assessment occurs at least annually or more often if evidence arises suggesting a decline in the recoverable amount. Factors such as adverse market shifts, weakened financial performance, or significant operational changes are considered. If any triggers are detected, the recoverable amount of the relevant cash-generating unit is calculated, and an impairment loss is recorded if the carrying value exceeds this amount.

For the year ended 30 September 2024, the Group found no signs of potential impairment related to acquisition goodwill. Consequently, an impairment test was not required during the financial year. Management's comprehensive review of both internal and external factors, including market conditions, operational results, and strategic developments, confirmed that no indicators of impairment were present. The carrying value of goodwill remains well supported by the expected future cash flows and performance of the related cash-generating units.

Other intangible fixed assets are our websites, software and our webshops.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

2 Property, plant and equipment

Movements in tangible fixed assets are broken down as follows:

	Renovations	Productions equipment	Transport and other office equipment	Assets under construction	Total
	€	€	€	€	€
Balance as at 1 October 2023					
Cost or manufacturing price	4,639,252	14,056,060	2,523,425	106,098	21,324,835
Accumulated depreciation	(2,181,652)	(4,931,146)	(1,618,230)	0	(8,731,028)
Book value as at 1 October 2023	2,457,600	9,124,914	905,195	106,098	12,593,807
Movements: 30 September 2024					
Additions	133,336	4,774,255	316,301	370,803	5,594,695
Depreciation	(527,844)	(1,605,106)	(381,132)	0	(2,514,082)
Disposals	0	(422,300)	0	0	(422,300)
Depreciation on disposals	0	259,565	0	0	259,565
Impairment losses	0	0	0	0	0
Foreign exchange differences	1,374	24,432	22,023	0	47,829
Reclassifications	106,098	0	0	(106,098)	0
	(287,036)	3,030,846	(42,808)	264,705	2,965,707
Balance as at 30 September 2024					
Cost or manufacturing price	4,878,686	18,408,015	2,839,726	370,803	26,497,230
Accumulated depreciation	(2,708,122)	(6,252,255)	(1,977,339)	0	(10,937,716)
Book value as at 30 September 2024	2,170,564	12,155,760	862,387	370,803	15,569,514

Property, plant and equipment: Economic life

	Renovations	Productions equipment	Transport and other office equipment	Assets under construction
Useful life:	5 years	10 years*	5 years	Not depreciated

Other tangible fixed assets include chocolate molds, bar dispensers, and office furniture. This year, a machine was purchased that enables consumers to design and produce their own Tony's chocolate bar. The machine was financed through a financial lease arrangement.

***Change in accounting estimates - production equipment**

During the financial year, the Group revised its accounting estimate regarding the useful life of production equipment. Previously, production equipment was depreciated over a period of 5 years. Following a detailed review, it was determined that a 10-year depreciation period better reflects the equipment's economic benefits and usage pattern.

This change in estimate is accounted for prospectively from the date of reassessment, in line with Dutch GAAP. The impact of this change is reflected in the current and future depreciation expense in the income statement, resulting in a lower depreciation expense and increased carrying value of production equipment compared to prior periods. Refer to Note 21 for the financial impact of the change in accounting estimate.

	30-09-2024	30-09-2023
	€	€
Financial assets		
3 Deferred tax		
Deferred tax assets	4,372,486	4,908,922
Deferred tax liabilities	(374,818)	0
	3,997,668	4,908,922

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30-09-2024	30-09-2023
	€	€
Deferred tax assets		
Arising as a result of temporary differences on:		
Balance as at 1 October:	4,908,922	3,081,852
Movement in deferred tax assets during the year	(536,436)	1,827,070
Balance as at 30 September:	4,372,486	4,908,922
Deferred tax liabilities		
Arising as a result of temporary differences on:		
Balance as at 1 October:	0	0
Movement in deferred tax liabilities during the year	(374,818)	0
Balance as at 30 September:	(374,818)	0

Deferred Tax Asset – Assessed losses

In line with Dutch GAAP, the Group has not recorded a deferred tax asset for tax losses incurred during the current financial period within the Dutch Fiscal Unity. At present, the Dutch Fiscal Unity holds a deferred tax asset for assessed losses amounting to €5.6 million, of which €3.6 million has been recognized in the financial statements.

4 Loans receivable

Loan receivable	1,345,006	1,271,974
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During the financial year ended 30 September 2023, the Group granted a 15-year loan amounting to €1.2 million to key management personnel. The loan proceeds were utilized to acquire economic rights in Tony's Factory B.V. via depositary receipts issued by Stichting Administratiekantoor de 'Gouden Wikkell'. The loan carries an annual interest rate of 6%, which is accrued annually. This loan will be fully repaid at the end of the 15 year period.

Current assets**5 Inventories**

Finished goods for resale	42,526,532	28,886,279
Raw materials and consumables	2,018,134	2,012,466
Tony's Open Chain Program Cost	2,015,838	2,974,544
Provision for obsolete stock	(158,691)	0
	46,401,813	33,873,289

In accordance with Dutch GAAP (Rij220.309), the Group has revised its accounting policy for the treatment of Tony's Open Chain Program costs (hereafter "Open Chain Program costs"). These expenses were previously expensed as incurred. However, starting 1 October 2023, the company will capitalize such expenses as part of the cost of inventory, in line with the matching principle and to better reflect the cost of goods sold.

The decision to capitalize Open Chain Program costs aligns the company's accounting policy with industry practices and provides more accurate financial information regarding the true cost of inventory. This change reflects a more appropriate allocation of costs, as the Open Chain Program costs directly contribute to bringing inventory to its present location and condition.

Consequently, this change is expected to improve the matching of costs with the related revenues and present a clearer view of the company's financial performance. Refer to 21 for the financial impact of the change in accounting policy.

6 Trade receivables

Trade receivables	27,499,221	24,508,457
Provision for doubtful debts	0	(116,017)
	27,499,221	24,392,440

7 Current tax receivable/(payable)

Current tax receivable	198,739	867,724
Current tax payable	(536,235)	(131,156)
	(337,496)	736,568

Breakdown per fiscal unity:

Netherlands	0	0
United States of America	(83,607)	7,135
United Kingdom	(123,376)	216,487
Germany	(163,712)	(78,847)
Austria	198,739	101,130
Belgium - De Laet	(115,819)	542,972
Belgium - Tony's Chocolonely	(5,284)	(26,971)
Sweden	(44,437)	(25,338)
	(337,496)	736,568

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30-09-2024 €	30-09-2023 €
8 Other receivables, prepayments and accrued income		
Prepaid expenses	1,894,976	1,724,618
Other receivables	1,575,405	1,109,889
	<u>3,470,381</u>	<u>2,834,507</u>
Prepaid expenses relates to prepaid marketing, selling and general expenses.		
Other receivables includes guarantee deposits and amounts to be received.		
9 Derivative instrument		
Interest rate swap derivative	302,562	655,185
As of 30 June 2021, the Group entered into two interest rate swap agreements with a total notional amount of €8 million which reduces to €4 million, effectively converting the floating interest rates on its term loans to fixed rates, to hedge against interest rate fluctuations on its outstanding loans (refer to Note 11). Under these agreements, the Group receives variable interest payments based on the 3-month EUR rate. The duration of these hedge instruments aligns with the underlying term loans, and the swaps qualify as cash flow hedges, mitigating the variability in cash flows due to floating interest rate risk on the term loans, which could otherwise impact profit or loss.		
10 Cash and cash equivalents/(Amounts owed to banks)		
Cash and cash equivalents		
Current accounts	6,701,476	15,392,857
Amounts owed to banks	(24,563,341)	(16,874,131)
Disclosure of cash and cash equivalents and amounts owed to banks		
During the financial year ended 30 September 2020, the Group implemented a cash pool system to enhance the efficiency of managing daily working capital needs across participating operating entities. This system consolidates the cash balances and overdrafts of the participating entities, resulting in exposure to a single net amount with the financial counterparty, rather than multiple individual current accounts and bank overdraft balances. Balances of individual subsidiaries are pooled at the end of each day, and interest is calculated on the net position.		
As of July 2024, the cash pooling arrangement is facilitated by Deutsche Bank, which now serves as the settlement mechanism provider. Prior to this date, the arrangement was managed by Rabobank.		
While the balances within the cash pool are netted for operational purposes, Dutch GAAP requires the gross presentation of debit and credit balances in the financial statements. Accordingly, for financial reporting purposes, these balances are presented on a gross basis on the balance sheet, in compliance with the applicable accounting standards.		
The Cash and cash equivalents are not freely available for an amount of €308,762 (30 September 2023: €255,853). This concerns three bank guarantees.		
EQUITY AND LIABILITIES		
11 Group equity		
The movement in shareholders' equity is explained in the notes to the company-only balance sheet. Refer to Note 29.		
Long-term liabilities		
12 Loans contracted		
Loans contracted	5,166,661	5,833,329
Balance as at 1 October		
Principal amount	8,000,000	8,000,000
Cumulative repayments	(1,500,003)	(833,335)
	<u>6,499,997</u>	<u>7,166,665</u>
Movements		
Repayment	(666,668)	(666,668)
Balance as at 30 September		
Principal amount	8,000,000	8,000,000
Cumulative repayments	(2,166,671)	(1,500,003)
Balance as at 30 September	<u>5,833,329</u>	<u>6,499,997</u>
Of which:		
Duration <1 year	666,668	666,668
Duration ≥1 year≤ 5 years	5,166,661	5,833,329
Duration> 5 years	0	0

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30-09-2024 €	30-09-2023 €
Loans contracted		
On 30 June 2021, the Group entered into two credit loan agreements with Rabobank under the following terms:		
• Loan 1: A 6-year long-term loan of €4.0 million, with an interest rate of 3.4% plus 3-month EURIBOR, repaid on a linear basis.		
• Loan 2: A 6-year long-term loan of €4.0 million, with an interest rate of 3.75% plus 3-month EURIBOR, repaid through a bullet payment at the end of the term.		
To manage interest rate risk, the Group entered into two floating-to-fixed interest rate swaps with a total notional amount of €8 million, reducing to €4 million, effectively converting the floating interest rates on the term loans to fixed rates (refer to Note 9). The duration of these hedge instruments aligns with the underlying term loans. These interest rate swaps qualify as cash flow hedges, as they mitigate the variability in cash flows attributable to the floating interest rate risk on the term loans, which could otherwise affect profit or loss.		
All bank covenants and guarantees were met as of year-end.		
No new loans were entered into during the current or prior financial year.		
13 Lease liabilities		
Lease liability	7,127,417	1,284,118
Lease liability		
Balance as at 1 October		
Principal amount	2,282,142	2,554,089
Cumulative repayments	(998,024)	(978,192)
Balance as at 1 October	<u>1,284,118</u>	<u>1,575,897</u>
Additions in lease liabilities	8,016,800	89,025
Repayments	(2,173,501)	(441,127)
Total movements	<u>5,843,299</u>	<u>(352,102)</u>
Balance at 30 September		
Principal amount	10,298,942	2,282,142
Cumulative repayments	(3,171,525)	(998,024)
Balance at 30 September	<u>7,127,417</u>	<u>1,284,118</u>
Of which:		
Duration <1 year	1,406,831	383,087
Duration ≥1 year≤ 5 years	5,720,586	901,031
Duration> 5 years	0	0
Average interest percentage	6.62%	3.99%
Remaining terms	61 months	47 months
During the current financial year the Group acquired new production equipment in De Laet International N.V. and Tony's Chocoolonely Bars LLC. which is financed through finance leases.		
The production equipment acquired in De Laet International N.V. amounted to €4,234,000 and is financed through two separate finance leases obtained from ING Bank each with a repayment term of 5 years. The interest rate for the leases are 4.4%.		
The production equipment acquired in Tony's Chocoolonely Bars LLC amounted to €3,782,800 and is financed through a lease obtained from De Lage Landen Financial Services, Inc. with a repayment term of 6 years. The interest rate for the lease is 9.34%.		
Current liabilities and accruals		
All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short term character.		
14 Trade payables		
Trade creditors	25,430,482	21,753,849
Goods received not yet invoiced	1,404,246	718,330
	<u>26,834,728</u>	<u>22,472,179</u>
15 Other liabilities and accrued expenses		
Accrued expenses	10,751,487	10,149,944
Payable to Chocoolonely Foundation	64,972	482,915
Payable to Fairtrade	543,090	86,283
Other payables	78,895	28,101
	<u>11,438,444</u>	<u>10,747,243</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30-09-2024 €	30-09-2023 €
Contingent assets and liabilities		
Disclosure of off-balance sheet commitments		
The Group has obtained several bank guarantees related to rental properties. The total amount of these guarantees is €255,843 (30 September 2023: €255,843).		
Disclosure of contingent liabilities on behalf of group companies		
Tony's Factory B.V. has issued a declaration of joint and several liability in accordance with Section 403, Book 2 of the Dutch Civil Code, for its consolidated subsidiaries. This declaration covers the following entities: Tony's Chocolonely Nederland B.V., Tony's Chocolonely Retail B.V., Tony's Chocolonely Beyond B.V., Tony's Chocolonely Homebase B.V., Tony's Team B.V., Tony's Chocolonely Publishing Company B.V., Tony's Chocolonely Bars B.V., and Tony's Chocolonely Open Chain B.V.		
Disclosure of operating leases		
The obligations from operational leases at the end of the reporting period can be specified as follows:		
Minimal lease payments of operational leases with a maturity within one year	1,187,039	1,243,779
Minimal lease payments of operating leases with a maturity exceeding one year and within five years	2,288,241	3,071,866
	0	0
Total of minimal lease payments of operating leases	3,475,280	4,315,645

NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD
01-10-2023 UNTIL 30-09-2024

	01-10-2023- 30-09-2024 €	01-10-2022- 30-09-2023 €
16 Net turnover		
Net sales	200,092,397	150,175,626
Geographic segmentation turnover		
Netherlands	60,839,931	57,119,317
United States of America	50,780,855	27,454,741
United Kingdom and Ireland	46,456,498	32,037,577
Germany and Austria	18,167,876	14,340,248
Belgium	3,245,416	2,668,957
Sweden and Nordics	7,125,476	3,357,327
Rest of the world	13,476,345	13,197,459
	200,092,397	150,175,626
17 Cost of goods sold		
Cost of goods sold	119,057,935	88,703,786
18 Selling expenses		
Logistic expenses	14,130,433	10,693,643
Marketing expenses	6,880,326	5,204,403
Sale promotions	4,927,757	3,070,432
Expenses of employee benefits	4,395,446	3,436,420
Foundation premium	1,991,848	1,485,697
Other selling expenses	1,605,575	1,187,542
Travel and representation expenses	1,395,923	908,627
Fairtrade premium	894,982	684,279
	36,222,290	26,671,043
19 Administrative expenses		
Expenses of employee benefits	31,542,096	25,051,512
Consultancy fees	5,093,747	2,500,485
Office and other general expenses	3,272,622	1,692,993
Housing expenses	2,651,799	3,058,950
Car expenses	621,344	707,050
Insurance cost	440,810	418,927
Amortisation of intangible fixed assets	1,588,370	1,368,940
Depreciation of property, plant and equipment	2,514,082	1,913,316
Impairment of fixed assets	0	291,413
	47,724,870	37,003,586
Expenses of employee benefits		
Wages and salaries	24,153,836	19,162,409
Social security charges and pensions cost	4,963,722	3,863,976
Other employee benefits	6,819,984	5,461,547
	35,937,542	28,487,932
Specification independent auditor fees		
Audit of the financial statements	311,689	310,176
Other audit services	139,557	144,571
	451,246	454,747

The fees outlined above pertain to services provided to the Group by our independent auditors, PricewaterhouseCoopers Accountants N.V., as defined in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties Wta'), including their affiliated tax and advisory divisions. These fees are related to the audit of the financial statements, irrespective of when the services were rendered.

**NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD
01-10-2023 UNTIL 30-09-2024**

	01-10-2023- 30-09-2024	01-10-2022- 30-09-2023
	€	€
20 Interest and similar expenses		
Interest and bank costs	1,940,785	942,883
Interest lease liabilities	300,285	6,286
Currency translation differences	333,372	169,604
	<u>2,574,442</u>	<u>1,118,773</u>
21 Corporate income tax		
Current income tax (expense)/benefit	(634,013)	909,932
Deferred income tax expense	(667,687)	0
	<u>(1,301,700)</u>	<u>909,932</u>
Current income tax (expense)/benefit per fiscal unity		
Income tax: Netherlands	0	1,464,982
Income tax: United States of America	(60,279)	(216,964)
Income tax: United Kingdom	(420,249)	(176,379)
Income tax: Germany	(105,822)	(113,187)
Income tax: Austria	3,001	(15,787)
Income tax: Belgium	(34,340)	(16,365)
Income tax: Sweden	(18,324)	(16,368)
Total	<u>(634,013)</u>	<u>909,932</u>
Deferred income tax (expense)/benefit		
Movement in temporary differences during the year	(667,687)	0
	<u>(667,687)</u>	<u>0</u>
Effective tax rate	(23.85%)	27.51%
Disclosure of income tax expense		
The effective tax rate in the prior year is inflated due to prior period adjustments. The effective tax rate in the current year is in align with expectations and consist of tax losses carried into future periods. These losses are expected to be realised in future financial years.		
The numerical reconciliation between the applicable and effective tax rate is as follows:		
Loss according to the financial statements	(5,457,140)	(3,307,562)
CIT based on applicable rate CIT 25.8%	1,407,942	853,351
Prior periods adjustment	(895,798)	72,187
Profit on intercompany transactions eliminated	466,351	124,684
Tax non-deductible costs	(265,025)	(179,844)
Difference in CIT rates	51,652	39,554
Deferred tax asset movement not recognised	(2,066,822)	0
Corporate income tax (expense)/benefit	(1,301,700)	909,932

Specification of related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control Group are considered to be a related party. In addition, statutory directors, other key management of the Group and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Transactions with related parties which are outside the normal course of business include:

**NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD
01-10-2023 UNTIL 30-09-2024**

	01-10-2023- 30-09-2024	01-10-2022- 30-09-2023
	€	€
Chocolonely Foundation		
Tony's Factory B.V. donates 1% of net revenue to the Chocolonely Foundation (Foundation premium). The Chocolonely Foundation finances projects aimed at eliminating slavery in the cocoa industry and increasing consumer awareness on this issue. The Foundation operates with an independent board, and the funding policy stipulates that funds from Tony's Factory B.V. are only transferred to the Chocolonely Foundation upon specific payment requests. These requests are based on project status reports approved by the Foundation's board, ensuring that cash remains within Tony's Factory B.V. until an approved payment request is received. Accruals are made for amounts owed to the Chocolonely Foundation. No interest is applicable to these accruals.		
Key Management Loans		
During the previous financial year, a 15-year loan of €1.2 million was granted to key management of the Group. This loan was used to purchase economic rights in Tony's Factory B.V. through depositary receipts issued by Stichting Administratiekantoor 'De Gouden Wikkell'. Interest at a rate of 6% is accrued annually on this loan.		
Economic Rights Granted to the Supervisory Board		
Eligible members of the Supervisory Board were offered the opportunity to purchase economic rights in Tony's Factory B.V. through depositary receipts issued by Stichting Administratiekantoor 'De Gouden Wikkell' at fair market value. As part of this offer, the Supervisory Board purchased economic rights amounting to €658,735 (30 September 2023: €658,735).		
OTHER NOTES		
Average number of employees - geographical summary		
Average number of employees over the period working in the Netherlands	167	137
Average number of employees over the period working outside the Netherlands	154	129
Total of average number of employees over the period	321	266
Average number of employees - categorical summary		
Management - Choco chiefs	7	6
Finance, IT and HR	58	42
Operations and product management	50	39
Sales, Marketing and Creativity	146	128
Production	46	37
Impact (Tony's Open Chain)	14	14
	<u>321</u>	<u>266</u>
Disclosure of remuneration of managing and supervisory directors		
Remuneration of managing directors	1,295,206	1,211,514
Remuneration of supervisory board member	168,000	168,000
Total of remuneration of managing and supervisory directors	<u>1,463,206</u>	<u>1,379,514</u>
Disclosure of remuneration of managing and supervisory directors		
The directors' remuneration includes management fees, salaries, holiday allowance, social premiums, pensions, and bonus payments, to the extent that these expenses have been charged to the Company and all of its subsidiaries. As of the balance sheet date, there are three statutory directors in the Company, two of whom were appointed during the previous financial year (30 September 2023: three statutory directors).		
The supervisory board's remuneration includes supervisory fees, to the extent that these expenses have been charged to the Company and all of its subsidiaries. This amount does not include reimbursed expenses incurred during the financial year.		

NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 01-10-2023 UNTIL 30-09-2024

Subsequent events

The Group has evaluated events subsequent to 30 September 2024 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. The following subsequent events occurred after the balance sheet date:

Capital injection - share premium increase

The Group received a capital injection of €8 million from its principal shareholders after balance sheet date. This funding is specifically designated to support the expansion of the Group's manufacturing facilities in Belgium. The investment represents a key strategic decision to enhance production capabilities, improve operational efficiencies, and accommodate growing market demands. This substantial financial commitment reflects the shareholder's confidence in the Group's long-term growth trajectory and its ability to execute on its strategic objectives. The capital injection also reinforces the Group's financial foundation, ensuring it is well-positioned to achieve its expansion goals.

Finance lease liability

The Group entered into a finance lease agreement amounting to €10 million after balance sheet date. This lease was secured to fund the expansion of the Group's production facilities in Belgium as part of its strategic growth initiatives. The lease arrangement underscores the Group's commitment to increasing manufacturing capacity to meet rising demand and strengthen its operational capabilities. The addition of this lease represents a significant post-balance sheet financial commitment, reflecting the Group's proactive approach to supporting its long-term objectives.

COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2024

(Before distribution of result)

	<i>Notes</i>	30-09-2024 €	30-09-2023 €
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	22	6,172,408	6,546,493
Financial assets			
Deferred tax assets	23	3,636,962	4,908,923
Participation in group companies	24	44,959,200	25,234,658
Loans receivable	25	1,345,006	1,271,974
		<u>49,941,168</u>	<u>31,415,555</u>
Total fixed assets		<u>56,113,576</u>	<u>37,962,048</u>
Current assets			
Receivables from group companies	26	50,820,955	29,438,960
Value added tax		15,340	1,260
Dividend tax		<u>71,943</u>	<u>38,484</u>
		<u>50,908,238</u>	<u>29,478,704</u>
Derivative Instrument	27	<u>302,562</u>	<u>655,185</u>
Cash and cash equivalents	28	<u>37,935</u>	<u>3,754,559</u>
Total Current Assets		<u>51,248,735</u>	<u>33,888,448</u>
Total assets		<u>107,362,311</u>	<u>71,850,496</u>
EQUITY AND LIABILITIES			
Equity			
Issued Share capital	29	50,547	51,013
Share premium		44,066,694	47,050,405
Legal and statutory reserves		150,299	(48,610)
Other reserves		(211,529)	1,820,589
Undistributed profit for the year		<u>(6,758,840)</u>	<u>(2,397,630)</u>
		<u>37,297,171</u>	<u>46,475,767</u>
Provisions			
Provision participations	30	<u>39,567,359</u>	<u>13,967,408</u>
Long-term liabilities			
Loans contracted	31	<u>5,166,661</u>	<u>5,833,329</u>
Current liabilities and accruals			
Amounts owed to banks	28	24,563,341	3,996,960
Loans contracted: short term	31	666,668	666,668
Payable to group company	26	100	100
Trade payables		7,260	6,000
Taxes and social security contributions payable		0	173,855
Other liabilities and accrued expenses		<u>93,751</u>	<u>730,409</u>
		<u>25,331,120</u>	<u>5,573,992</u>
Total equity and liabilities		<u>107,362,311</u>	<u>71,850,496</u>

**COMPANY-ONLY INCOME STATEMENT FOR THE PERIOD
01-10-2023 UNTIL 30-09-2024**

	<i>Notes</i>	01-10-2023- 30-09-2024 €	01-10-2023- 30-09-2024 €
Result of participations	32	(5,487,930)	(1,816,723)
Company result after taxes	33	(1,270,910)	(580,907)
Result after tax		(6,758,840)	(2,397,630)

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

General notes

The most important activities of the entity

The activities of Tony's Factory B.V. (the Company) consist mainly of managing and overseeing its investments in subsidiaries.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

The accounting policies applied in the preparation of the company financial statements are consistent with those used in the consolidated financial statements. Subsidiaries are recognized at net asset value in accordance with the accounting principles detailed below.

For detailed accounting policies related to the company's balance sheet and income statement, refer to the corresponding notes in the consolidated financial statements.

Accounting principles

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset is higher than its realisable value.

Impairment of intangible assets

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the consolidated income statement while the carrying amount of the asset concerned is concurrently reduced.

Amortisation of intangible assets

Intangible fixed assets, including goodwill are amortised from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to capitalised goodwill.

Future amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Tony's Factory B.V. Consolidated can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the company income statement.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the company income statement.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Share premium

The share premium represents the amount received from shareholders in excess of the nominal value of the shares issued.

NOTES TO THE COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30-09-2024 €	30-09-2023 €
ASSETS		
Fixed assets		
22 Intangible assets		
Goodwill	6,172,407	6,546,492
Movements in intangible fixed assets can be broken down as follows:		
		Goodwill €
Balance as at 1 October 2023		
Cost or manufacturing price		7,481,706
Accumulated amortization		(936,213)
Book value as at 1 October 2023		6,546,493
Movements: 30 September 2024		
Amortisations		(374,085)
Balance movements		(374,085)
Balance as at 30 September 2024		
Cost or manufacturing price		7,481,706
Accumulated amortization		(1,309,298)
Book value as at 30 September 2024		6,172,408
Intangible assets: Economic life		
	Goodwill	
Useful life:	20 years	
Goodwill arose from the purchase of 100% of the shares in Althaea-De Laet during the financial year ended 30 September 2021. The goodwill amount represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired.		
An impairment trigger test for goodwill from an acquisition is performed when there are indications that the goodwill may be impaired. This assessment occurs at least annually or more often if evidence arises suggesting a decline in the recoverable amount. Factors such as adverse market shifts, weakened financial performance, or significant operational changes are considered. If any triggers are detected, the recoverable amount of the relevant cash-generating unit is calculated, and an impairment loss is recorded if the carrying value exceeds this amount.		
For the year ended 30 September 2024, the Group found no signs of potential impairment related to acquisition goodwill. Consequently, an impairment test was not required during the financial year. Management's comprehensive review of both internal and external factors, including market conditions, operational results, and strategic developments, confirmed that no indicators of impairment were present. The carrying value of goodwill remains well supported by the expected future cash flows and performance of the related cash-generating units.		
Other intangible fixed assets are our websites, software and our webshops.		
Financial assets		
23 Deferred tax assets		
Deferred tax assets	3,636,962	4,908,923
Deferred tax assets		
Arising as a result of temporary differences on:		
Balance as at 1 October:	4,908,923	2,348,651
Increase in deferred tax assets (assessed losses)	0	2,560,272
Prior period adjustments	(1,271,961)	0
Balance as at 30 September:	3,636,962	4,908,923
The deferred tax asset balance consists of assessed losses carried forward to the value of €14,096,754 as at 30 September 2023.		
<i>Deferred Tax Asset – Assessed losses</i>		
In line with Dutch GAAP, the Group has not recorded a deferred tax asset for tax losses incurred during the current financial period within the Dutch Fiscal Unity. At present, the Dutch Fiscal Unity holds a deferred tax asset for assessed losses amounting to €5.6 million, of which €3.6 million has been recognized in the financial statements.		

NOTES TO THE COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30-09-2024 €	30-09-2023 €
24 Participation in group companies		
Participation in Tony's Chocolonely Nederland B.V.	15,205,675	6,283,247
Participation in Tony's Team B.V.	100	100
Participation in Tony's Chocolonely Publishing Company B.V.	100	100
Participation in Tony's Chocolonely Retail B.V.	1,304,273	121,283
Participation in Tony's Chocolonely Bars B.V.	6,601,087	1,346,042
Participation in Tony's Chocolonely Beyond B.V.	2,690,040	1,242,508
Participation in Tony's Chocolonely Inc.	1,601,180	1,505,907
Participation in Tony's Chocolonely Ltd.	2,755,150	1,875,642
Participation in Tony's Chocolonely GmbH	808,308	604,314
Participation in Tony's Chocolonely Austria GmbH	221,300	135,217
Participation in De Laet International N.V.	13,443,857	11,929,046
Participation in Tony's Chocolonely Sweden AB	160,159	84,286
Participation in Tony's Chocolonely Belgium B.V.	167,971	106,966
	<u>44,959,200</u>	<u>25,234,658</u>

Register of participations

The company has the following capital interests:

	Share in issued capital %	Result latest adopted accounts €
Participation in Tony's Chocolonely Nederland B.V., Amsterdam, the Netherlands	100%	8,599,334
Participation in Tony's Team B.V., Amsterdam, the Netherlands	100%	0
Participation in Tony's Chocolonely Publishing Company B.V., Amsterdam, Netherlands	100%	0
Participation in Tony's Chocolonely Retail B.V., Amsterdam, the Netherlands	100%	1,182,990
Participation in Tony's Chocolonely Bars B.V., Amsterdam, the Netherlands	100%	4,010,270
Participation in Tony's Chocolonely Beyond B.V., Amsterdam, the Netherlands	100%	1,447,533
Participation in Tony's Chocolonely Homebase B.V., Amsterdam, the Netherlands	100%	(22,863,860)
Participation in Tony's Open Chain B.V., Amsterdam, the Netherlands	100%	(562,709)
Participation in Tony's Chocolonely Inc., Portland (OR), USA	100%	(15,675)
Participation in Tony's Chocolonely Ltd., London, UK	100%	773,387
Participation in Tony's Chocolonely GmbH, Hamburg, Germany	100%	203,993
Participation in Tony's Chocolonely Austria GmbH, Salzburg, Austria	100%	86,083
Participation in De Laet International N.V., Borsbeek, Belgium	100%	1,514,811
Participation in Tony's Chocolonely Sweden AB, Stockholm, Sweden	100%	74,908
Participation in Tony's Chocolonely Belgium B.V., Gent, Belgium	100%	61,005

Movement in Participations

Balance as at 1 October	25,234,658	25,024,120
Share in result of participations	(5,487,930)	1,816,723
Increase in Provision	23,426,569	(1,953,545)
Currency translation differences	556,630	347,360
Intercompany profits and taxes eliminated	1,229,273	0
Balances as at 30 September	<u>44,959,200</u>	<u>25,234,658</u>

25 Loans receivable

Loan receivable	1,345,006	1,271,974
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Refer to Note 4 of the consolidated financial statements for further details regarding the loan receivable.

Current assets**26 Group company receivables/(payables)**

Receivable from Tony's Chocolonely Homebase B.V.	50,820,955	29,438,960
Payable to Tony's Chocolonely Publishing Company B.V.	(100)	(100)

No additional agreements regarding repayment or securities have been made beyond those specified in the intercompany loan agreements.

27 Derivative instrument

Interest rate swap derivative	302,562	655,185
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Refer to Note 9 of the consolidated financial statements for further details regarding the derivative instrument.

NOTES TO THE COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30-09-2024 €	30-09-2023 €
28 Cash and cash equivalents/(Amounts owed to banks)		
Current accounts	37,935	3,754,559
Amounts owed to banks	(24,563,341)	(3,996,960)

Disclosure of cash and cash equivalents and amounts owed to banks

While the balances within the cash pool are netted for operational purposes, Dutch GAAP requires the gross presentation of debit and credit balances in the financial statements. Accordingly, for financial reporting purposes, these balances are presented on a gross basis on the balance sheet, in compliance with the applicable accounting standards.

Refer to Note 10 of the consolidated financial statements for more information regarding the Group's cash and cash equivalents.

EQUITY AND LIABILITIES**29 Equity**

Issued Share capital	50,547	51,013
Share premium	44,066,694	47,050,405
Legal and statutory reserves	150,299	(48,610)
Other reserves	(211,529)	1,820,589
Undistributed profit for the year	(6,758,840)	(2,397,630)
	<u>37,297,171</u>	<u>46,475,767</u>

	Issued Share capital €	Share premium €	Legal and statutory reserves €	Undistribu- ted result for the year €
Balance as at 1 October 2022	47,088	25,790,762	(103,479)	72,562
Change in accounting policy restatement				1,276,097
Balance as at 1 October 2022 restated	47,088	25,790,762	(103,479)	1,348,959
Issue of shares	5,682	0	0	0
Share buyback	(1,757)	(3,675,242)	0	0
Share premium addition	0	24,934,885	0	0
Appropriation of result	0	0	0	(1,348,959)
Result for the year	0	0	0	(2,397,630)
Release of R&D reserve	0	0	(20,178)	0
Currency translation differences - foreign subsidiaries	0	0	75,047	0
Balance as at 1 October 2023	51,013	47,050,405	(48,610)	(2,397,630)
Issue of shares	84	337,838	0	0
Share buyback	(550)	(1,595,346)	0	0
Reclassification of Share premium to Other Reserve	0	(1,726,203)	0	0
Currency translation differences - foreign subsidiaries	0	0	198,909	0
Appropriation of result	0	0	0	2,397,630
Result for the year	0	0	0	(6,758,840)
Balance as at 30 September 2024	50,547	44,066,694	150,299	(6,758,840)

Other reserves

	Other reserve €	Deferred tax liability €	Cash flow hedge reserve €	Total: Other reserves €
Balance as at 1 October 2022	(1,368,999)	299,374	746,450	(323,175)
Currency translation differences	803,421	82,650	0	886,071
Appropriation of result	1,348,959	0	0	1,348,959
Revaluation of hedging instrument	0	0	(91,266)	(91,266)
Balance as at 1 October 2023	783,381	382,024	655,184	1,820,589
Currency translation differences	(354,715)	0	0	(354,715)
Reclassification of Share premium to Other Reserve	1,726,203	0	0	1,726,203
Prior period adjustments/reclassifications	(271,330)	(382,024)	0	(653,354)
Revaluation of hedging instrument	0	0	(352,622)	(352,622)
Appropriation of result	(2,397,630)	0	0	(2,397,630)
Balance as at 30 September 2024	(614,091)	0	302,562	(211,529)

NOTES TO THE COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2024

	30-09-2024 €	30-09-2023 €
Disclosure of equity		
Share capital paid called up		
The authorized share capital of Tony's Factory B.V. amounts to EUR 90.000, divided into 90.000 ordinary shares of EUR 1. Issued share capital consists of 50.547 (30 September 2023: 51.013) ordinary shares.		
Share premium		
Movements in share premium are attributable to the following:		
• Issue of certificates of shares for the employee participation plan STAK 'De Gouden Wikkel' to the value of €337,838. • Buyback of certificates of shares from a former participant of the employee participation plan STAK 'De Gouden Wikkel' to the value of €1,595,346.		
Statement of the proposed appropriation of the result		
The management of the company proposes to appropriate the result as follows:		
The loss for the period 1 October 2023 until 30 September 2024 in the amount of €6,758,840 will be fully appropriated to the other reserves.		
This proposal needs to be determined by the General Meeting and has therefore not yet been processed in the annual accounts 1 October 2023 until 30 September 2024 for the company.		
Cash flow hedge reserve		
The cash flow hedge reserve relates to the Interest rate swap derivative. Please refer to Note 9 of the consolidated financial statement for more information regarding the Interest rate swap derivative.		
Long-term liabilities		
30 Provisions		
Provision participations	39,567,359	13,967,408
Provision participations		
Provision participation Tony's Chocolonely Homebase B.V.	(39,004,651)	(13,967,408)
Provision participation Tony's Open Chain B.V.	(562,709)	0
	<u>(39,567,360)</u>	<u>(13,967,408)</u>
A provision for negative participation in a subsidiary is recognized when the Group's share of the subsidiary's net assets is negative, reflecting a situation where the subsidiary's liabilities exceed its assets. This provision is recorded to cover potential future losses and obligations arising from the subsidiary's financial position.		
The provision is reviewed annually, or more frequently if there are indications of changes in the subsidiary's financial situation. Any changes to the provision are reflected in the income statement.		
The change in accounting policy resulted in a positive adjustment of €1,555,892 to the Provision for Participations in the prior period. Operating expenses capitalised to inventory contributed to a reduction in the net loss recorded for the participation.		
31 Loans contracted		
Loans contracted	5,166,661	5,833,329
Balance as at 1 October		
Principal amount	8,000,000	8,000,000
Cumulative repayments	(1,500,003)	(833,336)
	<u>6,499,997</u>	<u>7,166,665</u>
Movements		
Repayment	(666,668)	(666,668)
Balance as at 30 September		
Principal amount	8,000,000	8,000,000
Cumulative repayments	(2,166,671)	(1,500,003)
Balance as at 30 September	<u>5,833,329</u>	<u>6,499,997</u>
Of which:		
Duration <1 year	666,668	666,668
Duration ≥1 year ≤ 5 years	5,166,661	5,833,329
Duration > 5 years	0	0
Refer to Note 12 of the consolidated financial statements for more information regarding the loans contracted.		

NOTES TO THE COMPANY-ONLY INCOME STATEMENT FOR THE PERIOD
01-10-2023 UNTIL 30-09-2024

	01-10-2023- 30-09-2024 €	01-10-2022- 30-09-2023 €
32 Share in result of participations		
Result from Tony's Chocolonely Nederland B.V.	8,599,334	6,605,341
Result from Tony's Team B.V.	0	0
Result from Tony's Chocolonely Publishing Company B.V.	0	0
Result from Tony's Chocolonely Retail B.V.	1,182,990	121,183
Result from Tony's Chocolonely Bars B.V.	4,010,270	1,842,786
Result from Tony's Chocolonely Beyond B.V.	1,447,533	1,242,508
Result from Tony's Chocolonely Homebase B.V.	(22,863,860)	(14,186,726)
Result from Tony's Chocolonely Open Chain B.V.	(562,709)	0
Result from Tony's Chocolonely Inc.	(15,675)	617,514
Result from Tony's Chocolonely Ltd.	773,387	705,517
Result from Tony's Chocolonely GmbH	203,993	264,104
Result from Tony's Chocolonely Austria GmbH	86,083	47,359
Result from De Laet International N.V.	1,514,811	809,123
Result from Tony's Chocolonely Sweden AB	74,908	65,474
Result from Tony's Chocolonely Belgium B.V.	61,005	49,094
	<u>(5,487,930)</u>	<u>(1,816,723)</u>
33 Company result after taxes		
Management fee	(168,000)	(168,000)
Amortisation of intangible fixed assets	(374,085)	(374,085)
Interest and similar expenses	(547,955)	(167,537)
Taxes	(180,870)	128,715
	<u>(1,270,910)</u>	<u>(580,907)</u>
Management fee relates to monthly fees paid to the supervisory board.		
Taxes		
Current income tax benefit	0	128,715
Deferred income tax expense	(180,870)	0
	<u>(180,870)</u>	<u>128,715</u>
Disclosure of fiscal unity for income tax		
Tony's Factory B.V. forms a fiscal unity for corporate income tax purposes with the following companies under the Tax Collection Act.:		
• Tony's Chocolonely Nederland B.V., • Tony's Chocolonely Retail B.V. • Tony's Chocolonely Beyond B.V. • Tony's Chocolonely Homebase B.V. • Tony's Team B.V. • Tony's Chocolonely Publishing Company B.V. • Tony's Chocolonely Bars B.V. • Tony's Chocolonely Open Chain B.V.		
The members of the tax group are jointly and severally liable for any taxes payable by the Group. In the company financial statements, the tax expense is accounted for based on the portion of the overall tax burden attributable to the company, as determined by the fiscal unity agreement.		
Specification of related party transactions of importance and not taken under market conditions		
All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of Tony's Factory B.V. or the ultimate parent company and close relatives are regarded as related parties.		
Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.		

NOTES TO THE COMPANY-ONLY INCOME STATEMENT FOR THE PERIOD
01-10-2023 UNTIL 30-09-2024

Transactions with related parties which are outside the normal course of business include:

Chocolonely Foundation

Tony's Factory B.V. donates 1% of net revenue to the Chocolonely Foundation (Foundation premium). The Chocolonely Foundation finances project that create pre-conditions that helps to eliminate slavery in the cocoa industry and increases consumer awareness on this topic. The Chocolonely Foundation has an independent board. The funding policy is that funds from Tony's Factory B.V. will only be transferred to the Chocolonely Foundation on specific payment request. Payment requests are based on project status reports approved by the Foundation board. In this manner cash stays within Tony's Factory B.V. up until approved payment request is received. Tony's Factory B.V. makes provisions for amounts owed to the Chocolonely Foundation. No interest is applicable.

Key management loans

During the financial year ended 30 September 2023, the Group granted a 15-year loan amounting to €1.2 million to key management personnel. The loan proceeds were utilized to acquire economic rights in Tony's Factory B.V. via depositary receipts issued by Stichting Administratiekantoor de 'Gouden Wikkkel'. The loan carries an annual interest rate of 6%, which is accrued annually. Refer to Note 4 of the consolidated financial statement for more detail.

Economic rights granted to the Supervisory Board

Eligible members of the supervisory board were granted the option to purchase economic rights in Tony's Factory B.V. through depositary receipts issued by Stichting Administratiekantoor de 'Gouden Wikkkel' at fair market value. As of 30 September 2024, the fair market value of these economic rights held by the supervisory board is €945,665 (30 September 2023: €658,735).

Subsequent events

The Company has evaluated events subsequent to 30 September 2024 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. As of the date of authorization of these financial statements, there have been no subsequent events that require disclosure or adjustment to the financial statements for the year ended 30 September 2024. The financial statements have been prepared based on the conditions that existed as of 30 September 2024, and no events occurring after this date have had a material impact on the financial position or results of operations of the Company.

Amsterdam, 20 December 2024,
Tony's Factory B.V.

J.H.A Huij	D.R. Lamont	P. Baltussen
Board of directors		

E.P. Bras	J.W. Verloop	B.D.L. Black
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A.R. Balon	R.M. Schuman	H.J. Beltman
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A. Pflüger
Non-executive supervisory board

OTHER INFORMATION

Reference to the independent auditor's opinion

The financial statements of the Company for the year ended 30 September 2024 have been audited by PricewaterhouseCoopers Accountants N.V., the independent external auditor. The independent auditor has issued an unqualified opinion on these financial statements, dated 30 November 2024. The independent auditor's report is included in the financial statements and provides assurance that the financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

Provisions of the Articles of Association relating to profit appropriation

According to article 18 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general of specific reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders equity is greater than the paid up and called up part of the capital plus the legally required reserves.



Independent auditor's report

To: the general meeting and the supervisory board of Tony's Factory B.V.

Report on the audit of the financial statements 2023/2024

Our opinion

In our opinion, the financial statements of Tony's Factory B.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 30 September 2024, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023/2024 of Tony's Factory B.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company-only financial statements.

The financial statements comprise:

- the consolidated and company-only balance sheet as at 30 September 2024;
- the consolidated and company-only income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Tony's Factory B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

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in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Tony's Factory B.V. and its environment and the components of the internal control system. This included the board of directors' risk assessment process, the board of directors' process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud, as well as the code of conduct 'Serious about People Guide'. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the board of directors, legal affairs, human resources and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks

Risk of fraud through management override of controls

Inherently, management of a company is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit work and observations

Where relevant to our audit, we have evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and assessed the effectiveness of those measures in the processes of generating and processing journal entries and forming estimates.

In testing journal entries, we performed procedures based on our identified risk criteria. We also reviewed transactions outside the normal course of business.

We performed audit procedures related to significant estimates and judgements of management. These include the judgements and estimations as part of the Tony's Open Chain premium and directly attributable costs, goodwill and deferred tax assets. For each significant

Tony's Factory B.V., NLE00031905.1.1



estimate, we paid attention to the inherent risk of bias of management in the estimates.

We did not identify any specific indications of fraud or suspicion of fraud in respect of management override of controls.

Risk of fraud in revenue recognition

We addressed the risk of fraud in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue.

Where relevant to our audit, we have evaluated the design of the relevant IT systems and the internal control measures that are intended to mitigate the risk of fraud and error in revenue recognition and assessed the effectiveness of those measures.

As such, the risk of fraud in revenue recognition is focused on the existence/occurrence of inappropriate revenue transactions on journal level.

Through data analysis, we tested unexpected journal entries and performed relevant testing on revenue transactions throughout the year and the receivable balances at year end.

We did not identify any specific indications of fraud or suspicion of fraud in respect of revenue recognition.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters that we requested as part of our audit. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in section 'Disclosure of going concern' of the financial statements the board of directors performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the board of directors' going-concern assessment included, amongst others:

- considering whether the board of directors' going-concern assessment included all relevant information of which we were aware as a result of our audit by inspecting the three year plan, liquidity forecast and inquiring with the board of directors regarding the board of directors' most important assumptions underlying its going-concern assessment;
- evaluating the board of directors' current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account the growth strategy of the company and all relevant information of which we were aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the board of directors as to its knowledge of going-concern risks beyond the period of the board of directors' assessment.

Our procedures did not result in outcomes contrary to the board of directors' assumptions and judgements used in the application of the going-concern assumption.



Report on the other information included in the annual FAIR report – the full report

The annual FAIR report – the full report 2023/2024 contains other information. This includes all information in the annual FAIR report – the full report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 20 December 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by B.A.A. Verhoeven RA



Appendix to our auditor's report on the financial statements 2023/2024 of Tony's Factory B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Assurance report of the independent auditor

To: the board of directors and the supervisory board of Tony's Factory B.V.

Assurance report with limited assurance on the sustainability information 2023/2024

Our conclusion

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the Tony's Chocolonely annual FAIR report – the full report of Tony's Factory B.V. does not present fairly, in all material respects:

- the policy with regard to sustainability; and
- the business operations, events and achievements in that area for the period 1 October 2023 until 30 September 2024,

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the sustainability information included in the following sections of the annual FAIR report- the full report for the period 1 October 2023 until 30 September 2024 (hereafter: the sustainability information):

- *Raising the bar again*
- *Looking back.. our year at a glance*
- *General*
- *Social*
- *Environment*
- *Governance*
- *Important Appendix 2: Materiality analysis*
- *Important Appendix 3: More on own workforce*
- *Important Appendix 4: More on Tony's governance*
- *Important appendix 6: Tony's Open Chain Impact report*

This review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheidsverslaggeving' (assurance engagements relating to



sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Tony's Factory B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten' (ViO - Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA - Dutch Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria applied for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in 'Important Appendix 1: ABCs of our KPIs' of the annual FAIR report - the full report.

The sustainability information is prepared in accordance with the GRI Standards. The GRI Standards applied are listed in the GRI Content Index as disclosed in 'Appendix 5: GRI Content Index' of the annual FAIR report- the full report.

The absence of an established practice on which to draw, to evaluate and measure the sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria applied.

Emphasis of matter

We draw attention to the disclosure in the sustainability information which describes the number of child labor cases included in the chapter 'Workers in the value chain: better, together', paragraph 'Child labor cases in our value chain', which explains that there are inherent circumstances that lead to the unavoidable risk that the Child Labor Monitoring and Remediation System ('CLMRS') does not detect and report all cases of child labor. Our conclusion is not modified in respect of this matter.

Limitations to the scope of our review

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans, expectations, and estimates and risk assessments. Inherent to this prospective

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

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Tony's Factory B.V. - 20 December 2024

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information, the actual future results are uncertain and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the sustainability information references are made to external sources or websites. The information on these external sources or websites is not part of the sustainability information reviewed by us. We therefore do not provide assurance on this information.

Responsibilities for the sustainability information and the review thereon

Responsibilities of the board of directors and the supervisory board for the sustainability information

The board of directors of Tony's Factory B.V. is responsible for the preparation and fair presentation of the sustainability information in accordance with the reporting criteria as included in section 'Reporting criteria', including applying the reporting criteria, the identification of stakeholders and the definition of material matters. The board of directors is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of the intended stakeholders, considering applicable law and regulations related to reporting. The choices made by the board of directors regarding the scope of the sustainability information and the reporting policy are summarised in section 'The ABCs of this report' of the annual FAIR report - the full report

Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the sustainability information is free from material misstatements and to issue a limited assurance conclusion in our report. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a review (limited assurance) is therefore substantially less than the assurance obtained in an audit (reasonable assurance) in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things of the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company.



- Evaluating the appropriateness of the reporting criteria applied, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the company's materiality assessment, and the reasonableness of estimates made by the board of directors.
- Through inquiries, obtaining a general understanding of the control environment, the reporting processes, and the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information, without obtaining assurance evidence about the implementation or testing the operating effectiveness of controls.
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted among others of:
 - Inquiring of management and relevant staff responsible for the sustainability strategy, policy and results.
 - Inquiring of relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
 - Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components were considered. Our review procedures have been performed centrally.
 - Obtaining assurance evidence that the sustainability information reconciles to underlying records of the company.
 - Reviewing, on a sample basis, relevant internal and external documentation.
 - Taking into account the data and trends.
- Considering the overall presentation, structure and balanced content of the sustainability information.
- Reconciling relevant financial information included in the sustainability information to the financial statements.
- Evaluating the consistency of the sustainability information with information in the annual FAIR report not included in the scope of our review.
- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with the applicable reporting criteria.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 20 December 2024
PricewaterhouseCoopers Accountants N.V.

Original signed by: B.A.A. Verhoeven RA

LOOKING AHEAD..

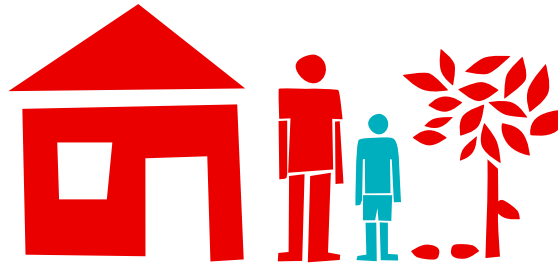
AT THE YEAR
TO COME

WHAT WE PLAN
TO ACHIEVE IN

2024/2025

34,200

FARMERS IMPACTED



working together with

19

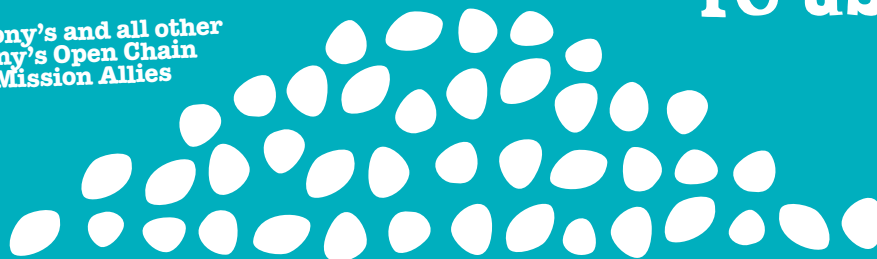
PARTNER CO-OPS



30,300 MT

OF BEANS
WE AIM
TO USE

by Tony's and all other
Tony's Open Chain
Mission Allies



25%+



GROWTH IN NET REVENUE

IMPOR TANT APPEN DICES

Important Appendix 1: ABCs of our KPIs

an explanation of Tony's non-financial KPIs

Our most important non-financial Key Performance Indicators (KPIs) provide insight into our performance on most material topics – which is why we ask PwC to review them. It shows how we track and (im)prove our impact together with the financial KPIs.

In this Appendix, we include the following information about the key impact/non-financial KPIs we measure:

- Which pillar of Tony's roadmap each KPI relates to
- A definition of each KPI
- The scope of each KPI
- Any changes to the KPI definition or methodology compared to previous years

We grouped the KPIs based on:

1. Cocoa impact KPIs (Tony's Open Chain including Tony's Chocolonely)
2. Other non-financial KPIs (only Tony's Chocolonely)

Cocoa-related KPIs

Human Rights KPIs	
KPI 3	# of participants in CLMRS awareness raising sessions conducted in cocoa communities of Tony's Open Chain partner cooperatives
Pillar of the roadmap it relates to	Creates awareness
Definition of KPI	This KPI measures the extent to which people living in cocoa communities in areas close to Tony's Open Chain's partner cooperatives have been informed about child labor and children's rights. Awareness-raising plays a crucial role in reducing child labor.
Scope of KPI	The number of participants (men, women and children; cocoa producers or community members) who attended community of household awareness-raising session(s) on child labor and child rights presented by Child Labor Monitoring and Remediation System (CLMRS) community facilitators since the beginning of the project. This is a cumulative KPI.
Any changes to the KPI definition or methodology compared to previous years	None
KPI 10	# of cocoa growing households who participate in the CLMRS
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	This KPI is linked to social traceability, i.e., Tony's Open Chain takes full responsibility by ensuring that the supply chain, including every household within each partner cooperative, is covered by the Child Labor Monitoring and Remediation System (CLMRS). Tony's Open Chain aims to visit every household in the supply chain each year, discuss child labor with families, identify cases and ensure timely follow-ups. During these visits, the CLMRS community facilitators note the composition of the households and create a profile of each member of every household and assess the risk of child labor. This mapping is crucial as the household is the basic setting for understanding circumstances that can lead to child labor. Only when an understanding for the underlying situation has been established can child labor be tackled sustainably in the long term.
Scope of KPI	The number of farmer households that are either a member of one of Tony's Open Chain's partner cooperatives or a member's caretaker, who are registered in CLMRS and who have been visited at least once by a CLMRS community facilitator since the respective partner cooperative started implementing the CLMRS.
Any changes to the KPI definition or methodology compared to previous years	None

KPI 11.1	# of child labor cases found at Tony's Open Chain partner cooperatives through the CLMRS
KPI 11.2	# of child labor cases closed at Tony's Open Chain partner cooperatives through the CLMRS
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	This KPI tracks the number of children between the ages of 5 and 17 who were found to be engaged in child labor (per the ICI definition based on ILO convention) on a cocoa farm in the previous 12 months. This KPI also tracks the number of child labor cases closed. A case is defined as closed because a child is no longer in child labor due to receiving remediation support and/or due to no longer being a child. Additionally, a case is tracked as closed if the farmer leaves the cooperative. Follow-up of cases with remediation support is a key part of the Child Labor Monitoring and Remediation System (CLMRS), and the goal is to ultimately close all cases of child labor found. An 'inherited' case (of child labor or cases closed) refers to those children who were identified as being in child labor or who were no longer in child labor before Tony's Open Chain partnered with a cooperative. Our model for exploitation-free chocolate is based on Tony's 5 Sourcing Principles. This, together with the implementation of a robust CLMRS, will eliminate the existence of child labor in the sector. This is a crucial KPI to measure the efficiency of these impact activities.
Scope of KPI	Children between ages 5-17 in all Tony's Open Chain partner cooperatives including those with whom we do not yet have a Memorandum of Understanding who were found to be in child labor (as defined by ICI according to the ILO convention). Scope of # cases closed – the number of children who were no longer identified as being engaged in child labor due to receiving remediation support and/or due to no longer being a child (aged 5-17) in the past 12 months.
Any changes to the KPI definition or methodology compared to previous years	None

KPIs related to volumes, traceability (beans, premiums and environment), and impact

KPI 4	# of farmers supplying to Tony's Open Chain who receive the LIRP premium
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	This KPI tracks the number of farmers who deliver to Tony's Open Chain in 2023/24 and, therefore, are subject to the payment of the Living Income Reference Price (LIRP) for 100% of the beans they sell to Tony's Open Chain. Having 100% traceable beans means we know which farmers have delivered beans to the partner cooperatives we source cocoa from. An increase in the number of farmers who receive an additional premium, i.e., the LIRP means an increase in the number of farmers who are enabled to earn a living income
Scope of KPI	• Farmers who are members of Tony's Open Chain partner cooperatives in Ghana and Côte d'Ivoire who sold at least 1 kg of cocoa beans to Tony's Open Chain Mission Allies (including Tony's Chocolonely) during the book year. All farmers who sold cocoa to Tony's Open Chain receive the Living Income Reference Price (LIRP) for 100% of the beans they sell to Tony's Open Chain. The LIRP includes an additional premium on top of the farmgate price, which currently is still too low to enable farmers to earn a living income. • Additionally, Tony's Open Chain partner cooperatives also receive 46€/metric ton in Côte d'Ivoire and 47,29€/ metric ton in Ghana as the cooperative management fee.
Any changes to the KPI definition or methodology compared to previous years	The wording of the KPI was changed to better reflect what is included in the LIRP top up.
KPI 13	# tons of cocoa sourced via Tony's Open Chain
Pillar of the roadmap it relates to	Inspires to act
Definition of KPI	This KPI measures the number of metric tons of cocoa beans purchased by Tony's Open Chain Mission Allies (including Tony's Chocolonely) via Tony's 5 Sourcing Principles during the book year. To achieve our impact promise of ending exploitation in cocoa, we need more companies to join us in our way of sourcing cocoa. We want all cocoa to be sourced via Tony's 5 Sourcing Principles. Volume is our biggest lever for change. Thus, this is a crucial KPI to measure how much cocoa is sourced via Tony's 5 Sourcing Principles, not just by Tony's but also by other Tony's Open Chain Mission Allies.
Scope of KPI	All beans sourced via Tonys 5 Sourcing Principles for all Tony's Open Chain Mission Allies with whom Tony's Open Chain has a contract and a bean commitment.
Any changes to the KPI definition or methodology compared to previous years	The wording of this KPI changed because Tony's Open Chain never purchases cocoa beans but facilitates the sourcing of it.

KPI 8.1	% of cocoa beans that are delivered for Tony's Open Chain Mission Allies to their processor and is traceable to farmers via Tony's Open Chain's partner cooperatives
KPI 8.2	% split of overall Tony's Open Chain bean volume delivered that has gone /will go into Tony's Open Chain products per market model: a. % of beans delivered for Bean-to-Machine b. % of beans delivered for Bean-to-Brand
KPI 8.3	% of cocoa in Tony's Chocolonely's couvertures /liquid choc-olate traceable up to farmers via Tony's Open Chain partner cooperatives
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	This KPI shows the physical traceability of beans from the partner cooperatives to the processing partners. It tracks the percentage of traceable cocoa beans produced during the 2023/24 book year. The KPI also shows the split of the two Tony's Open Chain bean models, specifically the Tony's Open Chain cocoa beans delivered to our processing partners that are intended for either the Bean-to-Machine or the Bean-to-Brand model during the 2023/24 book year. Traceability is the enabler for sustainability: companies need to take full responsibility for their entire supply chains, which is only possible if they know where their beans come from and under which labor and environmental conditions the beans were produced. BeanTracker is our main tool for ensuring operational traceability.

Scope of KPI	KPI 8.1's scope does not include technically unavoidable mixing with non-Tony's Open Chain products during the processing of beans into couvertures/powders, up to a maximum of 10%. Please find a more extensive explanation of this below: Tony's Open Chain beans are delivered 100% traceable to the pro-cessor. The industry-wide accepted definition of segregation al-lows for up to 10% technically unavoidable mixing (in line with the definition of segregated processing in the ISO standard 34101 and other industry practices). Technical (un)avoidance refers to situations where mixing with some non-Tony's Open Chain product cannot be avoided within reasonable costs. The most common example is the mixing with the residue of previous production batches that is left behind in the production pipes and tanks at the processing factory. Even though Tony's Open Chain beans are produced segregated from other products (i.e., not processed at the same time, in the same production line as non-Tony's Open Chain beans), the lines are used for other brands when Tony's Open Chain beans are not being processed. Thus, some residues could be left over between production batches. Preventing these situations would require intensive (cleaning) activities that will significantly increase the price of processing. This money does not add any impact for cocoa farmers, but it does grow the barrier for other brands to join our mission and help us source more volume. Tony's Open Chain follows industry practices on this, enabling us to invest at the start of the value chain, i.e., in cocoa farmers, rather than invest more at the processor level. 10% is an absolute maximum, which can only occur for very small production batch sizes. Most importantly, this mixing between production batches doesn't prevent us from buying the full bean volume that is needed for the volume of Tony's Open Chain cou-vertures/powders produced. 100% of Tony's Open Chain couverture and powder produced will always match 100% of Tony's Open Chain beans sourced. Therefore, allowing up to 10% of technically unavoidable mixing does in no way influence our impact on the farmers we work with. KPI 8.3 has been refined to provide more detailed insights into the cocoa supply chain, extending beyond partner cooperatives all the way to the farm level. This improvement over last year offers more granular information about farm operations and deliveries, enabling Tony's Open Chain to better understand cocoa production circumstances. These enhanced insights strengthen our deforestation-free claims and demonstrate our commitment to sustainable and transparent practices.
Any changes to the KPI definition or methodology compared to previous years	This year, we worked on refining our traceability insights and, therefore, splitsplit this KPI. KPI 8.2 includes with more granular views on the differences in sourcing models. KPI 8.3 was refined to extend to the farm level (for more detail, see KPI scope above).

KPI 15	amount of premium paid (per metric ton of cocoa) to reach the LIRP
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	This is a financial KPI that has been added under the non-financial KPIs as it is related to our sourcing principle Paying a Higher Price. The higher price that enables a living income is defined based on Fairtrade's Living Income Model. As part of this KPI we evaluate the amount of premium paid per metric ton of cocoa to reach the Living Income Reference Price (LIRP). This ensures we walk the talk of paying the LIRP for 100% of the cocoa beans Tony's Open Chain Mission Allies buy.
Scope of KPI	The additional premiums include: the Fairtrade premium, Fairtrade minimum price differential (if applicable), the living income premium. It does not include the cooperative management fee which is paid on top of the LIRP.
Any changes to the KPI definition or methodology compared to previous years	None
KPI 14	% of farms in the supply chain GPS mapped and assessed against protected areas
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	This KPI includes the percentage of farms that have been GPS mapped. The GPS mapping data is assessed against protected area maps (as outlined by the Cocoa Forest Initiative) to ensure that there is no current or potential risk of deforestation in our supply chain. This links to our environmental traceability.
Scope of KPI	The scope of the KPI includes GPS polygons. Note: We do not publish the full list of individual farmers and their GPS mapping data even though this information is available.
Any changes to the KPI definition or methodology compared to previous years	We moved to assess GPS polygon mapping data.

Data governance, processes and controls carried out for these KPIs by Tony's Open Chain

	• As the data sources for KPIs 4, 8, 13, 14 and 15 are linked, a reconciliation within the KPIs is conducted as a means of extra checks. List of delivering farmers (including farmer codes) as updated in Tony's Open Chain's traceability tool, BeanTracker - Farmer deliveries by farmer codes, volumes and purchaser (i.e., all Mission Allies, including Tony's Chocolonely) - Farmer codes of delivering farmers are also checked against the membership registry and GPS data • The volumes (lots) in metric tons delivered are checked against the volumes (lots) received by the different actors in the supply chain. It's checked for a difference of over 1-3%. (which is the normal percentage by which the weight of lots differs due to evaporation, the place where they are weighed and other factors) • Farmer codes and GPS maps of all farmers (linked to KPI 14) are reconciled • The volumes delivered based on individual deliveries are also further cross-checked against total volumes received and invoiced (linked to KPIs 8, 13 and 15) <i>Upon request and following relevant regulations, we are happy to get in touch with the owners of the data – our partner cooperatives – to share the data underlying the KPIs. Please get in touch with us for more information.</i>
Beantracker	BeanTracker is our main tool for ensuring operational traceability. In order to guarantee that 100% of the cocoa beans we source are traceable to our partner cooperatives, the following checklists and reconciliation are implemented by various members of the Tony's Open Chain team: • List of delivering farmers (including farmer codes) as updated in Tony's Open Chain's traceability tool reconciled with membership lists in BeanTracker (also linked to KPI 4) • The volumes delivered based on individual deliveries reconciled with the volumes received by other actors in the supply chain • Random samples of couverture batches processed by and at Barry Callebaut are selected from SAP listings provided by Barry Callebaut - For these samples, upstream traceability data is provided by Tony's Open Chain of the beans to the partner cooperatives (i.e., the lots of cocoa beans that were used in the sampled batch of couverture and the individual farmers who contributed to that lot) - For these samples, downstream traceability data is provided by Barry Callebaut – with the corresponding ID chains of quantities couverture sold to the co-manufacturers proving the traceability from the warehouse of Barry Callebaut (beans) to delivery at the co-manufacturers (couverture). • Furthermore, GPS mapping data of all plantations of all members of the partner cooperatives, including those farmers who delivered to Tony's Open Chain (KPI 4) is checked (KPI 14) to ensure that all delivering farmers have been mapped and assessed for deforestation risk. We publish the list of Tony's Open Chain's long-term partner cooperatives (KPI 5). We do not publish the full list of individual farmers and their GPS mapping data even though this information is available.
KPI 5	# of partner cooperatives with whom Tony's Open Chain has committed to a 5-year Memorandum of Understanding (MoU)
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	The KPI tracks the number of cocoa cooperatives in Ghana and Côte d'Ivoire that supply beans to Tony's Open Chain with whom we had a 5-year MoU at the end of the book year. We form long-term relationships with Tony's Open Chain partner cooperatives, which means they can plan for a longer-term horizon and make investments further into the future.

Scope of KPI	All partner cooperatives with whom we have a signed MoU for a 5-year period. It does not include those cooperatives from whom we have started sourcing but are still in the set-up/trial phase.
Any changes to the KPI definition or methodology compared to previous years	None
KPI 16	# of Tonys Open Chain Mission Allies and # of Tony's Open Chain conversations with Potential Mission Allies
Pillar of the roadmap it relates to	Inspires to act
Definition of KPI	# TOC conversations with potential Mission Allies: We track this KPI because the process interval between a future Mission Ally expressing interest in Tony's Open Chain to becoming a full-fledged Mission Ally, has several steps, and tracking this pipeline allows us to keep tabs on both scalability and potential volumes sourced through Tony's Open Chain. Tracking this pipeline also helps us identify the barriers that prevent potential Mission Allies from converting. We also follow the number of interactions with potential Mission Allies so we can continually vet and revise onboarding processes and better understand our continued journey towards mission completion. Every conversation we have with a potential Mission Ally has the potential to inspire another company to act. # TOC Mission Allies: This KPI is to track how many new Mission Allies join Tony's Open Chain every year.
Scope of KPI	The Tony's Open Chain acquisition funnel consists of five phases. All companies between Phases 1-5 that we have had a conversation with between October 1 2023 and September 30, 2024 will be considered for this KPI. The five phases are 1. Orientation 2. Inspiration 3. Strategic Yes 4. Contract 5. Ally KPI 16 is a two-part KPI KPI 16.1 is # conversations with potential mission allies This includes contacts that were between the Orientation phase (excluding those with whom the orientation call was not completed in or before the closing book year) and the Contracting phase, including contacts that have been parked or disqualified, excluding the parked or disqualified contacts that did not complete an Orientation call and/or Inspiration session between Oct 1, 2023 – 30 Sept 30, 2024. If these companies are still in these phases of the funnel in the next reporting period and active conversations were held with them during the reporting period, they will still be considered as part of the KPI. KPI 16.2 is # Mission Allies active on Sept 30, 2024, as well as Mission Allies (including Mission Allies that already signed on in pre-vius book years) in the closing book year. This includes all Mission Allies with whom we have a signed contract. Year-over-year this will be a cumulative KPI.
Any changes to the KPI definition or methodology compared to previous years	None

Other KPIs (relevant for Tony's Chocolonely)

KPIs linked to consumer awareness and reach	
KPI 1	Issue awareness
Pillar of the roadmap it relates to	Creates awareness
Definition of KPI	NL, UK, DE: 1) % of Choco Fans who are aware of the existence of modern slavery on cocoa farms. 2) % of Choco Fans who are aware of the existence of child labor on cocoa farms. 3) % of Choco Fans who are aware of cocoa farm contribution to deforestation. US: % of Choco Fans who have heard about people, including children, being exploited on cocoa farms. Choco Fans are defined as people living in the Netherlands, Germany, the UK and the US who purchased at least one chocolate bar no more than three months (UK, DE, NL) and six months (US) before the survey conducted by a third party. This KPI measures consumer awareness of exploitation in the cocoa industry. Because only once you know that there is a problem can you take responsibility and action to solve it. Issue awareness among consumers is needed so that consumers can make more informed buying decisions, and 100% exploitation-free becomes the norm in chocolate.
Scope of KPI	In NL, UK and DE, Choco Fans are defined as people who purchased at least one chocolate bar no more than six months before the survey conducted by a third party. % of Choco Fans who are aware of the existence of exploitation on cocoa farms defined as: those Choco Fans who said they had 'often' or 'sometimes' heard about the existence of modern slavery in the cocoa sector. In the US, Choco Fans are defined as people living in the US who have bought chocolate in the last six months. % of Choco Fans who have at least once heard about people, including children, being exploited on cocoa farms.
Any changes to the KPI definition or methodology compared to previous years	Note that in 2023/24, Tony's Teams in Europe used a new agency to conduct their brand tracking and increased the scope of issue awareness to include deforestation and child labor, next to modern slavery.
KPI 7	% of Choco Fans who are aware of Tony's Chocolonely (brand awareness)
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	We want to prove that it is possible to make sustainable chocolate that is commercially successful. As we expand to more markets, we also want brand awareness to increase because increased brand awareness will result in increased issue awareness and potentially higher market share. Increased brand awareness and market share make it easier for us to put more pressure on all parties involved to change the chocolate supply chain.
Scope of KPI	In NL, DE and the UK, Choco Fans are defined as: People living in the Netherlands, Germany, United Kingdom who purchased chocolate in the last six months. In the US, Choco Fans are defined as people living in the USA who have bought chocolate in the last six months. % of Choco Fans are aware of Tony's Chocolonely are defined as: % of people who indicated that they are aware of Tony's (prompted/aided awareness) in the brand tracker survey
Any changes to the KPI definition or methodology compared to previous years	Note that, in 2023/24, Tony's teams in Europe used a different agency to conduct their brand tracking. The methodology and panel used are incomparable to previous years.

KPI 9	% market share
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	This KPI relates to the moving annual total period from October 1 to September 30 of every book year; its assessment differs between our key markets. The bigger our market share, the more pressure it puts on the industry to follow our example.
Scope of KPI	The Netherlands: This is our most mature market. The KPI includes market share percentage (based on sales value in Euros) in the whole chocolate category (as well as in chocolate bars category, shown separately) in regular supermarket channels in The Netherlands, excluding discount stores like Aldi and Lidl. Organic and niche supermarkets are not included because the data is not available. Germany: The KPI includes percentage market share (in Euros) in the chocolate bars segment in the German Grocery Chocolate Market, excluding discount stores. This is based on Nielsen data (Grocery Multiples in Germany). The UK: The KPI includes percentage market share (based on sales value in British pounds) in the chocolate bars segment in the UK Grocery Chocolate Market. This includes discount and convenience stores. This is based on Nielsen data (Grocery Multiples in the UK). The data is for the UK only (i.e., excluding the Republic of Ireland). The US: The KPI includes percentage market share (based on sales value in US dollars) in the chocolate premium bar segment in total US Supermarkets, mass retailers (including Target and Walmart), and drug retailers (including CVS, Walgreens, and Rite Aid); discount and convenience stores are excluded.
Any changes to the KPI definition or methodology compared to previous years	Yes. In 2023/24, the scope for the UK market expanded and now also includes discount stores.
KPI 2	# of Serious Friends
Pillar of the roadmap it relates to	Creates awareness
Definition of KPI	This KPI measures the number of people who feel particularly committed to Tony's mission and want to be actively involved in achieving it. Consumer support is essential for industry change
Scope of KPI	The number of people registered as Serious Friends worldwide (via our websites and stores).
Any changes to the KPI definition or methodology compared to previous years	The definition has remained the same. The system of record for the opt-ins of Serious Friends changed from Salesforce to Klaviyo.

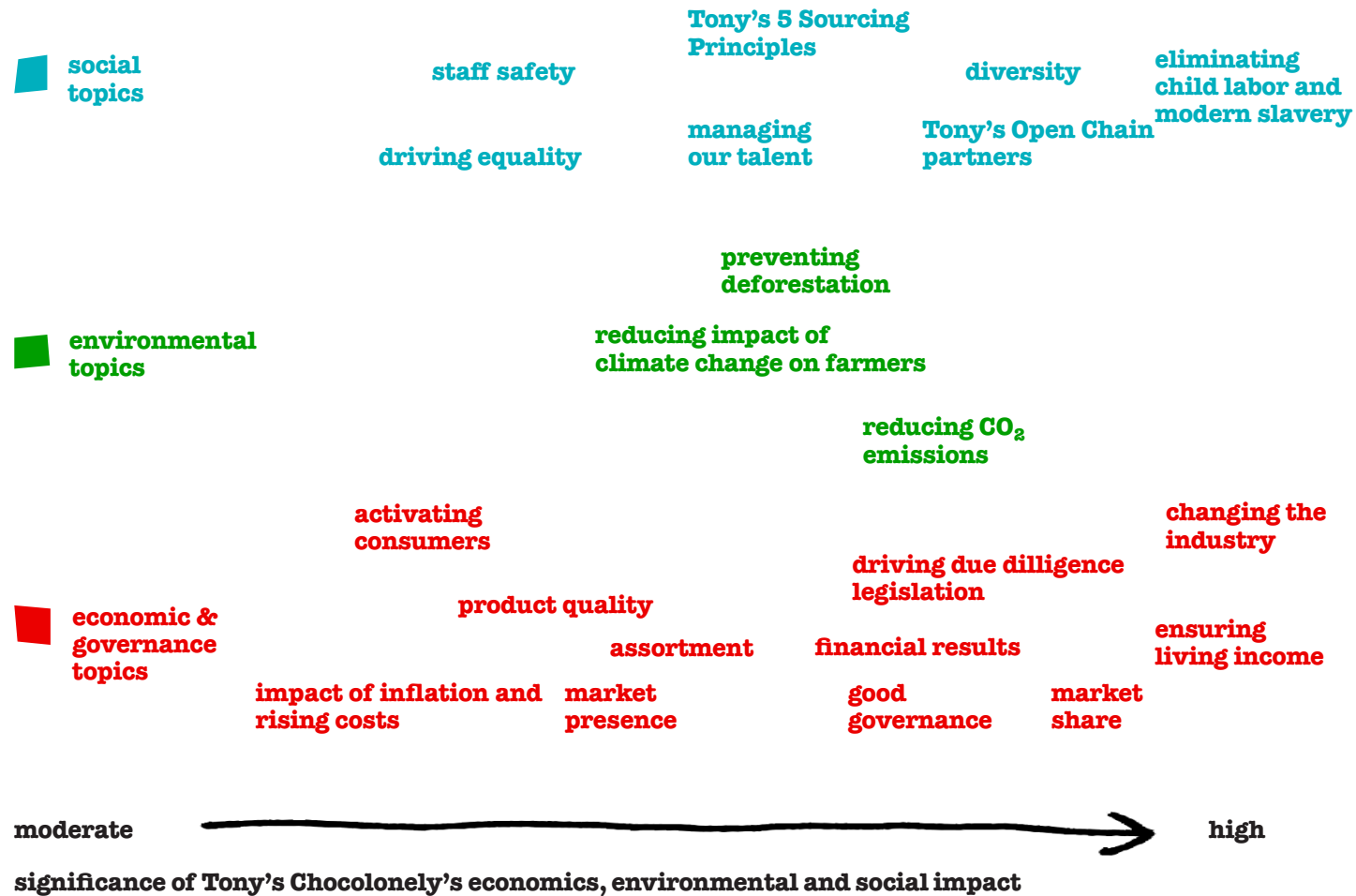
Tony's KPI on climate (refer also to KPI 14 under cocoa-impact KPIs)

KPI 12	% carbon footprint compensated
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	Total carbon emissions (calculated based on the True Price model) and compensated via Justdiggit.
Scope of KPI	We use a model developed by True Price in 2018 to calculate average (Scopes 1, 2 and 3) carbon emissions from the cocoa farmer to our distribution centers in the Netherlands and the US. • Scope 1 – direct emissions from sources owned or controlled by a company • Scope 2 – indirect from the energy that is purchased • Scope 3 – all other emissions associated with a company's activities The model also calculates the total carbon emissions of all of Tony's chocolate. Justdiggit is responsible for calculating the number of hectares of dry land that need to be re-greened to offset Tony's carbon footprint.
Any changes to the KPI definition or methodology compared to previous years	None

Tony's KPI on people/Team Tony's

KPI 6	Average score of Tony's Employee Quest-CHEER-naire
Pillar of the roadmap it relates to	Leads by example
Definition of KPI	This KPI monitors systematic feedback from our employees. The KPI is the result of the average of the scores for each thematic pillar of Tony's Employee Quest-CHEER-naire. We believe that if Team Tony's is committed, happy and working together, Tony's will be able change the chocolate industry.
Scope of KPI	The questionnaire is conducted by Effectory and covers the following topics: inclusion, psychological safety, trust, alignment, engagement, employership, autonomy, team productivity, change management and enablement. The survey is completed anonymously by all people on Tony's Chocolonely's payroll, whether temporarily or permanent or as an intern (with minimum assignment lengths of six months) in NL, UK, DE, BE and for the US employed for at least three months at the start of the distribution of the questionnaire.
Any changes to the KPI definition or methodology compared to previous years	This year, we only used the April 2024 measurement of the survey to calculate the KPI of the average theme score, due to changes in timeline of the second survey (postponed from October to December 2024). Next book year, the survey will be performed twice (in December 2024 and May 2025).

Important Appendix 2: Materiality analysis



Materiality Analysis: 2023/24

In line with the GRI Standard on materiality, we continued to assess the relevance of the stakeholder surveys conducted last financial year (in 2022) to ensure their insights remain applicable for this year's annual FAIR report. While we did not conduct new stakeholder surveys, we did limited updates to the current materiality assessment, recognizing that a CSRD-compliant double materiality assessment is scheduled for early 2025. This upcoming assessment will ensure our reporting aligns closely with CSRD requirements and incorporates a more comprehensive double materiality perspective.

For 2023/24, we validated the ongoing relevance of our materiality assessment through continuous engagement with key stakeholders. This included internal discussions with employees, who shared insights via our Employee Quest-CHEER-naire, quarterly meetings with partner cooperatives, regular conversations with Mission Allies and a dedicated chiefs workshop in 2024. These ongoing conversations have helped us confirm the significance of existing key topics—eliminating child labor and forced labor, ensuring a living income, and preventing deforestation—while also confirming the topics that emerged in 2022 as concerns from our stakeholders. The Supervisory Board has reviewed the materiality matrix.

See [p. 121](#) for an analysis of material topics based on GRI standards.

Stakeholder	How we engaged	Key topics
Team Tony's	Focus group discussion/workshop with Tony's representing different teams, Employee Quest-CHEER-naire, online stakeholder survey (in 2022)	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, preventing deforestation.
Cocoa farmers	Online stakeholder survey(in 2022), quarterly meetings with the partner cooperatives, community needs assessment	Elimination of child labor, ensuring a living income for cocoa farmers, preventing deforestation.
Choco Fans (consumers)	Online stakeholder survey(in 2022), Choco Fans survey	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, preventing deforestation.
Customers (retailers)	Online stakeholder survey(in 2022), customer calls	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, preventing deforestation.
Suppliers	Online stakeholder survey (in 2022), regular conversations	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers.
Mission Allies	Online stakeholder survey (in 2022), regular conversations	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, preventing deforestation, reducing the impact of climate change on cocoa farmers, driving equality in society.

The online stakeholder survey was open from 24 June until 18 July, 2022. As always, we adjusted the list of social, environmental and economic issues and topics to reflect changes to the conditions under which cocoa is produced. We asked our stakeholders to think about both current and potential new topics, and about the positive and negative impact we (could) have. In line with the new GRI Standards, we put more emphasis on Tony's impact (as opposed to the impact on Tony's, which was the emphasis in earlier surveys). Over 7,300 external stakeholders participated in the online survey, as well as over 100 members of Team Tony's. A large number of Choco Fans from the UK, the Netherlands, Germany and the US participated. We were pleased to also receive input from over 100 retail customers, nearly every partner cooperative, many of Tony's Open Chain mission allies and NGOs from around the world.

Based on the results of the online stakeholder survey as well as the input from other sources, we plotted the key topics on a matrix. The draft matrix was discussed and finalized in an interactive workshop with 4 of Tony's chiefs and the head of impact. The workshop focused on both actual and potential, as well as positive and negative, impacts. The adjusted matrix was then reviewed by all the chiefs and the members of the Supervisory Board. These steps ensure that the material topics are both aligned with and integrated into our short and long-term strategies, as laid out in our annual plan which helped determine the significance of impact.

- The key material topics covered remain the same: elimination of child labor and modern slavery, ensuring a living income, preventing deforestation and changing the industry.
- Completely new topics include: staff safety, the impact of inflation and rising costs. Of these new topics, staff safety was rated the highest, which makes sense due to the integration of the De Laet International NV factory into Tony's operations.
- There are several other new, impact-oriented topics on the list that have already been areas of focus for us over the years. These are: driving due diligence legislation, activating consumers, product quality, assortment, Tony's Open Chain partners and good governance. Tony's 5 Sourcing Principles remain at the heart of all we do, and at the heart of the matrix!

The table on the following page lists the most important material topics together with the KPIs we use to measure our progress. Many of these KPIs stem from the GRI Standards, which are used by Big Choco and many other companies around the world. Additionally, we follow our own Tony's KPIs (TKPIs). There's more info about Tony's KPIs, including information about their limits and scope, on [p. 106](#).

Material topics	KPIs
SOCIAL TOPICS	
Eliminating all forms of child labor and modern slavery in the cocoa sector in Ghana and Côte d'Ivoire	GRI408-1 Operations and suppliers at significant risk for incidents of child labor GRI409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor TKPI3 # of participants in CLMRS sessions TKPI10 # households participating in CLMRS TKPI11 # of detected child labor cases GRI414-1 Social screening of new suppliers GRI414-2 Negative social impacts
Team Tony's • Managing our talent • Diversity • Staff safety (physical and psychological)	TKPI6 Score Quest-CHEER-naire GRI2-7 Employees GRI405 Diversity and equal opportunity GRI403 Occupational Health and Safety
Driving equality (racial, gender, sexual orientation) in society	We contribute to societal change with our activities, in collaboration with others. As our impact cannot be attributed, we do not have KPIs for this topic.
Good governance	GRI General disclosures on governance (2-9 through 2-18)
ENVIRONMENTAL TOPICS	
Preventing deforestation and degradation in cocoa growing landscapes	GRI308-1 Environmental screening of new suppliers GRI308-2 Negative environmental impacts TKPI14 % of farms GPS mapped
Reducing the impact of climate change on cocoa farmers	We contribute to the reduction of the impact of climate change with our activities. We track the number of farmers who receive coaching on Good Agricultural Practices and number of shade trees planted, but we do not have KPIs for this topic.
Reducing our CO ₂ -emissions along our value chain	GRI305-4: GHG emissions intensity GRI308-2 Negative environmental impacts in the supply chain and actions taken TKPI12 % of carbon footprint compensated

Material topics	KPIs
GOVERNANCE TOPICS	
Tony's 5 Sourcing Principles • Traceable cocoa beans • A higher price • The long-term • Improved quality and productivity • Strong farmers	TKPI8 % of traceable beans GRI201-1 Direct economic value generated and distributed TKPI4 # of farmers supplying to Tony's Open Chain who receive additional premium TKPI15 amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price TKPI5 # of partner cooperatives with whom Tony's Open Chain has a 5-year MoU Productivity estimates ScopeInsight score MPI headcount
Changing the industry norm to make 100% slave-free the norm	TKPI13 # of metric tons of beans purchased through Tony's Open Chain TKPI 16 # of Tony's Open Chain conversations with potential mission allies
Driving due diligence legislation	We contribute to societal change with our activities, in collaboration with others. As our impact cannot be attributed, we do not have KPIs for this topic.
Good governance	GRI General disclosures on governance (2-9 through 2-18)
ECONOMIC TOPICS	
Ensuring that cocoa farmers reach a living income to provide a decent living for their families	GRI201-1 Direct economic value generated and distributed TKPI4 # of farmers supplying to Tony's Open Chain who receive additional premium TKPI5 # of Tony's Open Chain partner co-ops with a 5-year MoU TKPI8 % of traceable beans TKPI15 amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price
Activating consumers	TPKI1 % of Choco Fans who are aware of the existence of modern slavery on cocoa farms TKPI2 # of Serious Friends TKPI9 % Choco Fans who say Tony's is their favorite chocolate brand
Market share/market presence	TKPI7 % market share
Tony's Open chain partners	TKPI13 # of tons of beans purchased through Tony's Open Chain TKPI16 # of Tony's Open Chain conversations with potential Mission Allies
Our financial results	Turnover, profitability, growth
Product quality	No externally reported KPI
Assortment	New products added

For further information about this report, please reach us at:

Email: mailme@tonyschocolonely.com

Important Appendix 3: More on own workforce

remuneration policy

As an employer we want to attract (and keep) the best talent out there. We anchored our pay philosophy on the strategy to pay according to the middle of the market to balance affordability with the ability to attract the crème de la crème. What's more, we reward Tonys based on performance during our annual pay cycle.

At Tony's we use the Hay Method for our remuneration policy – this helps ensure Tonys salaries match their job responsibilities. We publish the salary ranges and salary levels of all unique jobs internally. Our executive leadership roles are leveled between Levels 20 and 22. The median annual pay of Tony's in Level 20 is €176,343, Level 21 is €180,001 and Level 22 is €219,996.

On top of their annual salaries and benefits, all Tonys (excluding frontline roles in the Bar Factory) are eligible for a target annual bonus of 8% if we meet all our company objectives. Tony's also contributes towards pension plans in every market.

Sign-on bonuses/recruitment incentives for employees in management positions are sometimes included as part of their contracts. The Supervisory Board doesn't receive any sign-on bonuses or recruitment incentives.

Facts & figures

1. Total employees*:

Headcount (September 2024)			
Teams	Employees - Existing	Employees - In-year hire	Total
Bar Factory	41	13	54
Benelux & Beyond	31	7	38
DACH	17	5	22
Homebase	62	48	110
Nordics	6	0	6
UK	20	10	30
US	19	13	32
Tony's Open Chain	10	5	15
Total	206	101	307

***Total employees are all employees on Tony's Chocolonely's payroll.**

This includes permanent and temporary contracts. This excludes agency workers or contractors.

Headcount & gender split (September 2024)			
Department	Permanent contract	Fixed term contract	Total
Bar Factory	53	1	54
Female	25	1	26
Male	28	0	28
Benelux & Beyond	33	5	38
Female	20	5	25
Male	13	0	13
DACH	26	2	28
Female	10	2	12
Male	10	0	10
Nordics	6	0	6
Female	0	0	0
Male	6	0	6
Homebase	88	37	125
Apathetic	0	1	1
Do Not Disclose	1	0	1
Female	60	27	87
Male	27	9	36
UK	28	1	29
Female	18	1	19
Male	9	0	9
Non-Binary	1	0	1
US	32	1	33
Female	22	1	23
Male	10	0	10

Headcount & full-time parttime (September 2024)			
Department	Full Time	Part Time	Grand Total
Bar Factory	47	7	54
Female	19	7	26
Male	28	0	28
Benelux & Beyond	29	9	38
Female	18	7	25
Male	11	2	13
DACH	27	1	28
Female	11	1	12
Male	16	0	16
Nordics	6	0	6
Female	0	0	0
Male	6	0	6
Homebase	103	22	125
Apathetic	1	0	1
Do Not Disclose	1	0	1
Female	69	18	87
Male	32	4	36
UK	26	3	29
Female	16	3	19
Male	9	0	9
Non-Binary	1	0	1
US	33	0	33
Female	23	0	23
Male	10	0	10

DI&E data:

All Tonys (aka employees)

By Age (September 2024)		
Age group	Nr. of Tonys	%
<20 or (blank)	21	6.8%
20-24	9	2.9%
25-29	64	20.8%
30-34	94	30.6%
35-39	52	16.9%
40-44	30	9.8%
45-49	18	5.9%
50-54	14	4.6%
55-60	5	1.6%
Total	307	100.0%

By Gender (September 2024)		
Gender:	Nr. of Tonys	%
Undisclosed	4	1.3%
Female	192	62.5%
Male	110	35.8%
Non-Binary	1	0.3%
Total	307	100.0%

Full-Time vs Part-Time (September 2024)		
FT/PT	Nr. of Tonys	%
Full-Time	267	87%
Part-Time	40	13%
Total	307	100%

Employees' nationalities (September 2024)	
Total	37

Chief Team (board-level):

By gender (September 2024)		
Gender	Nr. of Tonys	%
Female	3	42.9%
Male	4	57.1%
Total	7	100.0%

By Age (September 2024)		
Age	Nr. of Tonys	%
40-44	4	57.1%
45-49	1	14.3%
50-55	2	28.6%
Total	7	100.0%

By Nationality (September 2024)		
Nationality	Nr. of Tonys	%
US American	1	14.3%
British	3	42.9%
Dutch	3	42.9%
Total	7	100.0%

Full-Time vs Part-Time (September 2024)		
FT/PT	Number	%
Full-Time	6	85.7%
Part-Time	1	14.3%
Total	7	100.0%

Turnover & tenure & promotions*

Turnover data		
22/23	23/24	Delta
23.64%	14.73%	-8.91%

Tenure			
Years	22/23	23/24	23/24 incl factory
<1	19%	17%	37.1%
1-2	26%	25%	19.9%
2-3	16%	25%	15%
3-4	13%	8%	8.5%
4-5	10%	8%	5.2%
>5	16%	17%	14.3%

Total average tenure is 2.9yrs.

Promotions 2023/24	
Promotions (in role or to a new role)	40

*Numbers are calculated based on office headcount, excluding Bar Factory and Superstore employees, external contractors and interns.

taking care of Tony's in every possible way

Our People & Culture team leads our efforts around the health and safety of Team Tony's.

As part of our health program for all Tonys, we offer special bonuses to spend on gym subscriptions and sports gear, as well as a fixed budget to spend on spiritual, mental, emotional and physical well-being. Our health and safety policies are easily accessible via the People & Culture Hub.

Each Tonys mental health is as important as their physical health. Tony's offers an International Employee Assistance Program via Cigna. This is an online 24/7 mental health support service for Tonys themselves as well as their family members. The program offers a range of confidential services, including short-term counseling, mindfulness coaching and online information resources.

Of course, health and safety are also top priorities when it comes to our chocolate factory, De Laet International NV, in Belgium. We have additional policies in place to ensure work there is as safe as possible, thanks to a risk assessment. As machinery is used in the factory, everyone operating machinery is trained in all potential risks the work might entail. We also conduct daily meetings to address safety issues immediately, as well as line meetings with line teams where workplace safety is evaluated.

To ensure we're constantly improving our health and safety standards, we've identified the following areas of individual responsibility:

- Overall safety progress
- Safety management and improvements
- Machine safety improvements
- Logistical safety improvements
- Full morning-meeting members (detect, report and resolve safety risks)

Our health and safety policies are easily accessible via our People & Culture Hub and relevant SharePoint folders. While there is no formal joint management-worker health and safety committee, input from relevant Tonys is considered in the health and safety policies. Our workplaces are inspected annually, and these inspection reports are also available to the team. Tonys are trained on relevant quality, health and safety topics when they join the company. In case any accidents occur at work, there are first aid kits at every site, as Tonys present who are trained in first aid. Tonys working at the factory receive separate training.

There is also a safety and security policy in place to ensure all Tony's feel safe while traveling abroad. This includes a protocol for security training, vaccinations, crisis management and emergency contacts.

Important Appendix 4: More on Tony's governance

Supervisory Board

Tony's Chocolonely's Supervisory Board supervises the Executive Board (aka the Chiefs) policy around the company as a whole as well as its subsidiaries. In its advisory and supervisory role, the Supervisory Board considers the company a mission-driven enterprise by nature.

In fulfilling this role, the Supervisory Board also considers Tony's Chocolonely's pursuit of scalable commercial success a fundamental part of its social impact strategy, so that the company might inspire others in the chocolate industry to adopt the Tony's Open Chain business model.

The Supervisory Board's tasks include the realization of the company's social objective and mission; overseeing the strategy and the risks associated with the business operations; attending to the structure and operation of the internal risk management and control systems; overseeing the financial reporting process and policy commitments; ensuring compliance with laws and regulations; maintaining the integrity of the business' operations; determining the number of Directors as well as the company's remuneration policies and its remuneration of the Directors. The Supervisory Board is also involved in sustainability and financial reporting, and it reviews the input obtained during the materiality analysis and the sustainability reporting process, including the organization's materiality topics. The Supervisory Board also signs off on the final annual FAIR report.

Tony's Chiefs meet with the Supervisory Board on a quarterly basis to evaluate progress and discuss next steps. Each chief has a specific area of expertise they're responsible for, ranging from marketing to impact & operations. To guarantee impact-driven decision-making that safeguards Tony's values, norms and mission, every agenda starts with impact.

All critical concerns are communicated to the Supervisory Board either via email or through ad hoc meetings convened with one or more members to discuss the issue at hand. Both the Supervisory Board and Executive Board can nominate members of the Supervisory Board to the General Meeting. The Supervisory Board prepares a profile of the size and composition of the Supervisory Board, taking into account the nature of Tony's enterprise and the desired level of expertise, experience and independence of its members. The Supervisory Board evaluates this profile from time to time.

The members of the board are appointed to 4-year terms and may be reappointed for a subsequent term. They may coordinate reappointments among themselves and then communicate this at the General Meeting at least one year in advance. Before a member is reappointed, the General Meeting consults with the other members of the Supervisory Board and the members of the Executive Board separately on whether reappointment is desired.

A board member is required to resign prematurely in the event of inadequate performance, permanent incompatibility of interests or views, or when otherwise required – at the discretion of the General Meeting. The Supervisory Board appoints a chair – non-executive – from among its members.

The remuneration of the board members is determined by the General Meeting. Upon taking office in 2016, remuneration was set at €15,000 per year for each Member of the Supervisory Board, in which no distinction is made between the chair and ordinary members. This fee was increased to €24,000 in the 2022/23 financial year. The Supervisory Board was granted access to purchase depositary receipts in Tony's Factory B.V. The Supervisory Board purchased €0 worth of depositary receipts in 2023/24.

The Supervisory Board evaluates their own performance and that of the Executive Board at least once a year during meetings not attended by the Executive Board. This evaluation pertains to the performance of both the board as a whole and the individual members of the Supervisory and the Executive Boards.

Supervisory Board members keep abreast of sector developments. A delegation of the Supervisory Board has travelled to West Africa in November 2024 to see the impact and developments first-hand.

If one or more Members of the Supervisory Board have a direct or indirect personal interest concerning a specific issue that conflicts with the interests of the company or its enterprises, the relevant member will not be involved in consultation and decision-making around the relevant issue and will inform the Executive Board of the existence and nature of the conflicting interest. Members of the Supervisory Board must immediately inform the chair of the Supervisory Board of any potentially conflicting interests.

During this reporting year, there have been no significant instances of non-compliance with laws, and no significant fines were incurred.

Important Appendix 5: GRI Content Index

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

Statement of use	Tony's Chocolonely has reported in accordance with the GRI Standards for the period October 1, 2023 - September 30, 2024:	
GRI 1 used	GRI 1: Foundation 2021	
GENERAL DISCLOSURES		
GRI Standard	Disclosure	Location AFR 23/24
GRI 2: General Disclosures 2021	2-1 Organizational details	23, 75
	2-2 Entities included in the organization's sustainability reporting	75, 76
	2-3 Reporting period, frequency and contact point	3
	2-4 Restatements of information	83
	2-5 External assurance	3, 99-103
	2-6 Activities, value chain and other business relationships	12, 16-23
	2-7 Employees	29-33, + 122-125
	2-8 Workers who are not employees	34-35, 46
	2-9 Governance structure and composition	12, 62-64, 126-127
	2-10 Nomination and selection of the highest governance body	126-127
	2-11 Chair of the highest governance body	64, 126-127
	2-12 Role of the highest governance body in overseeing the management of impacts	12, 62-64, 126-127
	2-13 Delegation of responsibility for managing impacts	12, 62-64, 126-127
	2-14 Role of the highest governance body in sustainability reporting	118-119
	2-15 Conflicts of interest	126-127
	2-16 Communication of critical concerns	126-127
	2-17 Collective knowledge of the highest governance body	126-127
	2-18 Evaluation of the performance of the highest governance body	126-127
	2-19 Remuneration policies	126-127
	2-20 Process to determine remuneration	126-127
	2-21 Annual total compensation ratio	Omission
	2-22 Statement on sustainable development strategy	4-5, 126-127
	2-23 Policy commitments	24-26, 38-40, 66-67
	2-24 Embedding policy commitments	24-26, 38-40, 66-67
	2-25 Processes to remediate negative impacts	32-33, 43, 45, 66-67
	2-26 Mechanisms for seeking advice and raising concerns	32-33, 45, 66-67
	2-27 Compliance with laws and regulations	126-127
	2-28 Membership associations	International Cocoa Initiative, FairTrade, Food Service Network, B Corp, Social Enterprise NL, EMFI
	2-29 Approach to stakeholder engagement	11, 19-25, 118
	2-30 Collective bargaining agreements	33
	0% of employees are covered by collective bargaining agreements	

MATERIAL TOPICS

GRI Standard	Diclosure	Location AFR 23/24
GRI 3: Material Topics 2021	3-1 Process to determine material topics	24, 117-119
	3-2 List of material topics	120-121
SOCIAL TOPICS		
Eliminating all forms of child labor and modern slavery in the cocoa sector in Ghana and Côte d'Ivoire		
GRI 3: Material Topics 2021	3-3 Management of material topics	18-23, 25-26, 38-45
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	38-45
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	43
TKPI3	Number of participants of CLMRS awareness raising sessions conducted in cocoa communities of Tonuy's Open Chain partner cooperatives	39
TKPI10	Number of cocoa-growing households that participate in the CLMRS	41
TKPI11	Number of illegal child labor cases detected and remediated at Tony's Open Chain partner cooperatives with the CLMRS	41-42
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	18-23
	414-2 Negative social impacts in the supply chain and actions taken	25-26
Team Tony's		
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 124, 125
TKPI6	Average score of Tony's Employee Quest-CHEER-naire	30
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	124
GRI403: Occupational health and safety 2018	403-1 Occupational health and safety management system	125
	403-2 Hazard identification, risk assessment, and incident investigation	125
	403-3 Occupational health services	125
	403-4 Worker participation, consultation, and communication on occupational health and safety	125
	403-5 Worker training on occupational health and safety	125
	403-6 Promotion of worker health	125
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	125
	403-8 Workers covered by an occupational health and safety management system	125
Driving equality in society		
GRI 3: Material Topics 2021	3-3 Management of material topics	13-15

ENVIRONMENTAL TOPICS

GRI Standard	Diclosure	Location AFR 23/24
Preventing deforestation and degradation in cocoa growing landscapes		
GRI 3: Material Topics 2021	3-3 Management of material topics	54-61
TKPI14	Percentage of farms in the supply chain GPS mapped and assessed against protected areas	61
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	60-61 All cocoa farms within the coops we source from are assessed for deforestation
	308-2 Negative environmental impacts in the supply chain and actions taken	54-59
Reducing the impact of climate change on cocoa farmers		
GRI 3: Material Topics 2021	3-3 Management of material topics	13-15, 52-53
Reducing our CO₂ emissions along the value chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	54-59, 61
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	54-59
TKPI12	Total carbon footprint in tonnes of CO ₂ and percentage of CO ₂ footprint compensated	54
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	54-59, 61
	308-2 Negative environmental impacts in the supply chain and actions taken	54-59, 61

GOVERNANCE TOPICS

GRI Standard	Diclosure	Location AFR 23/24
Our 5 sourcing principles		
GRI 3: Material Topics 2021	3-3 Management of material topics	18, 19, 35, 37, 72-79 Appendix 6: 74
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	72-79
TKPI4	Number of farmers supplying to Tony's Open Chain who receive additional premium	35
TKPI5	Number of cooperatives with which we have committed to a 5-year Memorandum of Understanding	19
TKPI8.1	% of cocoa beans that are delivered for Tony's Open Chain Mission Allies to their processor, that is traceable to farmers via Tony's Open Chain partner cooperatives	18
TKPI8.2	% split of overall Tony's Open Chain bean volume delivered that has gone/will go into Tony's Open Chain products per market model: 1. % of beans delivered for Bean-to-Machine 2. % of beans delivered for Bean-to-Brand	74 Appendix: Tony's Open Chain Impact Report
TKPI15	Amount of premium paid (per metric ton of cocoa) to reach the LIRP	37
Changing the industry norm to end exploitation in cocoa		
GRI 3: Material Topics 2021	3-3 Management of material topics	17, 2
TKPI13	Number of tons of beans purchased through Tony's Open Chain	17
TKPI16	Number of Tony's Open Chain Mission Allies and Number of Open Chain conversations with potential Mission Allies	20
Driving due diligence legislation		
GRI 3: Material Topics 2021	3-3 Management of material topics	26
Good governance		
GRI 3: Material Topics 2021	3-3 Management of material topics	12, 62-67, 126-127

ECONOMIC TOPICS**Ensuring that cocoa farmers reach a living income to provide a decent living for their families**

GRI 3: Material Topics 2021	3-3 Management of material topics	18, 19, 21, 35, 37, 72-79
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	72-79
TKPI4	Number of farmers supplying to Tony's Open Chain who receive additional premium	35
TKPI5	Number of cooperatives with which we have committed to a 5-year Memorandum of Understanding	19
TKPI8.1	Percentage of cocoa beans that are delivered for Tony's Open Chain Mission Allies to their processor, that is traceable to farmers via Tony's Open Chain partner cooperatives	18

TKPI8.3	% of cocoa in Tony's Chocolonely' s couvertures/liquid chocolate traceable up to farmers via Tony's Open Chain partner cooperatives	21
TKPI15	Amount of premium paid (per metric ton of cocoa) to reach the LIRP	37

GRI Standard	Diclosure	Location AFR 23/24
Activating consumers		
GRI 3: Material Topics 2021	3-3 Management of material topics	77, 78, 80
TKPI1	1. % of Choco Fans who are aware of the existence of slavery on cocoa farms (issue awareness) 2. % of Choco Fans who are aware of the existence of child labor on cocoa farms 3. % of Choco Fans who are aware of cocoa farm contribution to deforestation	77
TKPI2	Number of Serious Friends	80
TKPI9	% of Choco Fans who are aware of Tony's Chocolonely (brand awareness)	78
Market share		
GRI 3: Material Topics 2021	3-3 Management of material topics	79
TKPI7	% market share	79
Tony's Open Chain partners		
GRI 3: Material Topics 2021	3-3 Management of material topics	17-20
TKPI13	Number of tons of beans purchased through Tony's Open Chain	17
TKPI16	Number of Tony's Open Chain conversations with potential Mission Allies	20
Our financial results		
GRI 3: Material Topics 2021	3-3 Management of material topics	52-54, 72-79
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed 201-2 Financial implications and other risks and opportunities due to climate change	72-79 52-54

Product quality

GRI 3: Material Topics 2021	3-3 Management of material topics	23
Assortment		
GRI 3: Material Topics 2021	3-3 Management of material topics	77-79
Vegan		
GRI 3: Material Topics 2021	3-3 Management of material topics	58
Health		
GRI 3: Material Topics 2021	3-3 Management of material topics	Omission
OMISSIONS		
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	Requirements OMITTED Omission
GRI 3: Material Topics 2021	3-3 Management of material topics	Omission

mailme@tonyschocolonely.com





TONY'S OPEN CHAIN IMPACT REPORT

2023/24



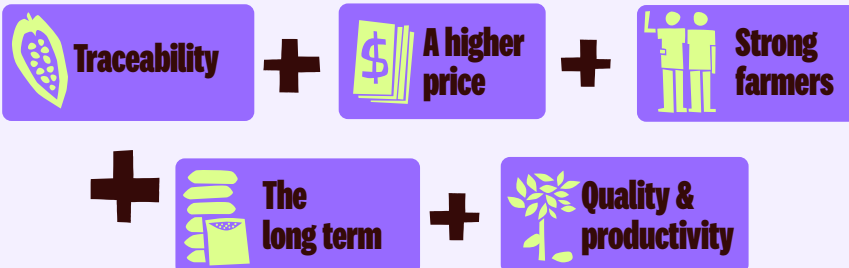
TOGETHER, WE'LL END EXPLOITATION IN COCOA

Our vision: A future where cocoa farmers are enabled to earn (at least) a living income, where children can go to school, learn and play and where forests are protected.

Why should you join Tony's Open Chain? The cocoa industry's main issues – poverty, illegal labour and deforestation – remain inadequately addressed. We believe that it is only through collaboration that we can end exploitation in cocoa, which is why we partner with companies and other stakeholders to demonstrate a business model that works at scale.

What is it all about? Tony's Open Chain offers a sourcing solution for companies that want to work on proactively addressing poverty, illegal labour and deforestation in their cocoa supply chain.

How do we enable change? Tony's Open Chain provides companies and businesses with a cocoa-sourcing model that targets the root causes of exploitation in the industry. Our impact model, which has our 5 Sourcing Principles at its core, has evolved out of all the work done by Tony's Choclonely over the last 20 years. In 2019, Tony's Open Chain was created to open up this model to other companies in order to accelerate change in the cocoa sector and prove faster that the model could work at scale. These sourcing principles are:



Scaling for impact

The more beans we source using our model, the more farmers we can impact. We sourced 17,690 metric tons of beans in 2023/24 – 19% more than in the previous year.

That means we smashed our growth targets, and we won't stop here: with 30,300 metric tons of beans ordered for next season, we are closer than ever to reaching our target of 80,000 metric tons of West African beans by 2027/28.

All this is made possible by the growing group of Mission Allies who have joined forces with us. We are now at a total of 20 (with 6 new ones since last year).

Tony's Open Chain is on its way to reaching 1% of West African farmers: A big drop in the ocean

WHAT WE ACHIEVED IN 2023/24 TOGETHER WITH OUR PARTNER COOPERATIVES				
This year, 20,296 farmers delivered to Tony's Open Chain – that's 0.86% of the 2.5 million West African cocoa farmers				
Traceability	A higher price	Long-term commitments	Strong farmers	Quality & productivity
100% of farms at all partner cooperatives are GPS polygon mapped; 99.95% of Tony's Open Chain's supply chain is verified deforestation-free Our longer-term partner cooperatives have a child labour rate of 3.9%, significantly lower than the industry average of around 50%, highlighting the significant impact of collective action in reducing inequalities in the cocoa sector	We paid prices for cocoa that were higher than the main crop farmgate price set by the governments: 44% higher in Côte d'Ivoire and 18% higher in Ghana. At our 3 longest-term partner cooperatives, 19.1% of farmers earned at or above the living income benchmark, while the median shortfall for those below the threshold was 49%	We have 5-year commitments with 10 partner cooperatives to work together to address challenges and plan for the future	We are working with 19 partner cooperatives as we onboarded 8 new partner cooperatives (7 in Côte d'Ivoire and 1 in Ghana) to implement strong farming businesses that can cater to our growing bean volume demands We paid 46€/metric ton in Côte d'Ivoire and 47,29€/metric ton in Ghana in cooperative management fees, enabling partner cooperatives to invest further in their businesses	While industry-wide cocoa production in Côte d'Ivoire is estimated to have dropped by 20%, our top-performing partner cooperative saw only an 11.4% decline – proving that farmers, supported by our 5 Sourcing Principles, are more resilient and better withstand climate impacts

2023/24

Number of
farmers impacted
20,296



**17,690 mt
beans sourced**

**Price paid
to enable a
living income**

Côte d'Ivoire
€2,200 per mt



Ghana
€2,005 per mt

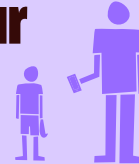
Long-term
commitments with

**10
partner
cooperatives**

that's 1 more than
in 2022/23

**6 new
Mission
Allies**

**Child labour
prevalence
rate**



at long term partner cooperatives

In total Tony's
Open Chain
consists of 20
Mission Allies

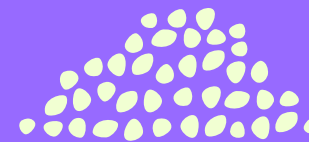


3.9%

2024/25



**34,200
farmers impacted**



**We aim to source 30,300 mt
beans for our Mission Allies**

**19
partner
cooperatives**

with whom we
plan to have
long-term
commitments

Tony's Open Chain is the initiative that enables its Mission Allies to source cocoa with our 5 Sourcing Principles fully applied



JOKOLADE



HOW TO READ THIS REPORT

The report begins with a general introduction to current issues at play in the cocoa sector, before delving into the details of the Tony's Open Chain approach. The content is structured around the three main issues in the cocoa industry: human rights abuses, environmental degradation and their root cause – poverty and the lack of income. Following this, the report highlights what distinguishes Tony's Open Chain from other industry initiatives, and presents a detailed financial overview. “We” in this report refers to the Tony's Open Chain team. And who are you? The intended audience of this report are of course our Mission Allies, the companies who signed up to Tony's Open Chain already, as well as potential Mission Allies, civil society organisations, NGOs, academia, policy makers, and basically anyone who wants to know more about how a collaborative business model can succeed in a high risk sector like cocoa.

You can easily navigate through the report by clicking on subheadings to jump to specific sections. A navigation panel at the bottom of each page indicates the current chapter and allows you to switch to other sections with ease.

Contact us to find out more

To join Tony's Open Chain, learn more about our work or if you have any specific questions about this report, email us via: join@tonysopenchain.com

Tony's Open Chain Impact Report

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INTRODUCTION TO COCOA & TONY'S OPEN CHAIN

1.1 Cocoa's past, present and future

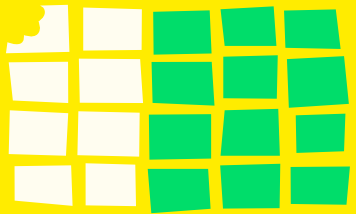
Inequality has historically defined the cocoa industry, with the majority of cocoa farmers in Côte d'Ivoire and Ghana living in poverty as a result of being underpaid for their cocoa. In turn, this has led to exploitation with severe impacts on people and the planet, including child labour and deforestation.

Structural decline in cocoa production, exacerbated by climate change, and economic instability, have led to significantly reduced yields and a market shock, with cocoa prices surging amid scarce supply. Whilst cocoa prices have risen, cocoa farmers are still receiving far too little profits.

The cocoa industry's future depends on the creation of systemic solutions to current realities. Tony's Open Chain advocates for such a solution by promoting responsible sourcing and purchasing practices, thus aiming to drive long-term sector transformation and improve cocoa farmers' livelihoods.

Over

60%



of the world's
cocoa...

...comes from



Côte
d'Ivoire

Ghana

produced by about

2,500,000
smallholder farmers

Source: [Food and Agriculture Organisation of the United Nations \(2023\)](#)

1.2 The key issues in cocoa

Cocoa is an important global crop, with an estimated 5–6 million smallholder farmers working on cocoa farms worldwide, providing a living for roughly 40–50 million people.¹

Côte d'Ivoire is the world's largest cocoa producer, supplying over 40% of the world's cocoa. Neighbouring Ghana is a leading cocoa production force in its own right, accounting for around 20% of global cocoa production.² Inequality and exploitation persist in the cocoa industry and are most prevalent in these two countries. As a result, 2.5 million smallholder farmers are underpaid for their cocoa, many of whom live in poverty. Poverty makes

people take drastic measures to survive, like turning to illegal forms of labour, such as child labour. Poverty prevents many cocoa-farming parents from sending their children to school, instead requiring their assistance on farms. It also reduces the capacity of cocoa-farming families to hire labour support during busy periods, which increases their dependency on children to fill the labour gap.

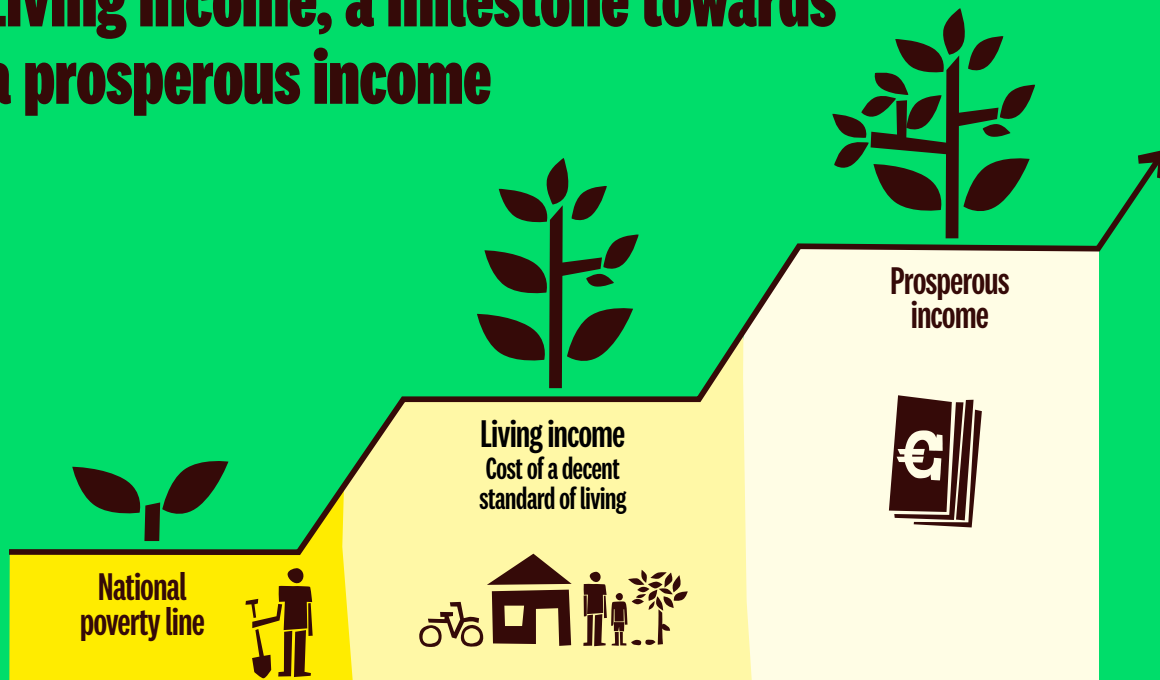
¹ Hütz-Adams, F., Huber, C., Knoke, I., Morazán, P., Mürlebach, M. "Strengthening the Competitiveness of Cocoa Production and Improving the Income of Cocoa Producers in West and Central Africa", Suedwind, 2016

² Arora, Akansha, "Top-10 Cocoa Producing Countries in the World 2024", May 2024

A living income is defined as the net annual income required for a household in a particular place to afford a decent standard of living for all household members. As defined by the Living Income Community of Practice, a decent

standard of living includes food, water, housing, education, healthcare, transportation, clothing and other essential needs, such as provisions for unexpected events.³

Living income, a milestone towards a prosperous income



Source: [Living Income Community of Practice \(LICOP\)](#)

In Côte d'Ivoire, the estimated living income is 298,983 Ivorian CFA Francs (€458) per month and 2,324 Ghanaian Cedis (€134) per month⁴. Many cocoa farmers are not paid enough for their cocoa and therefore do not achieve these income levels, resulting in widespread poverty. A recent Fairtrade study reporting on a Living Income Learning project estimated that 82% of surveyed cocoa farmers in Côte d'Ivoire and Ghana did not earn a living income. Previous research has estimated that in both Côte d'Ivoire and Ghana, between 73–90% of the cocoa farmers do not earn a living income, leaving many in poverty⁵.

³ The Living Income Community of Practice, "The Concept", web, accessed December 2024

⁴ Anker, Richard; Anker, Martha. "Living Income Benchmark", June 2022 Update Côte d'Ivoire and Ghana

⁵ Motovska, Nina Bellini; Gaviola, Agustin Gonzalez; Koster, Tinka; Waarts, Yuca, "High-Level analysis of recent and current yield in the West African cocoa sector; Trends, possible causes and recommendations for interventions." Wageningen Economic Research, 2024, p. 15

Children in child labour:
1.56 million

Children doing
hazardous work:
1.48 million

Source: [NORC Report \(2020\)](#)

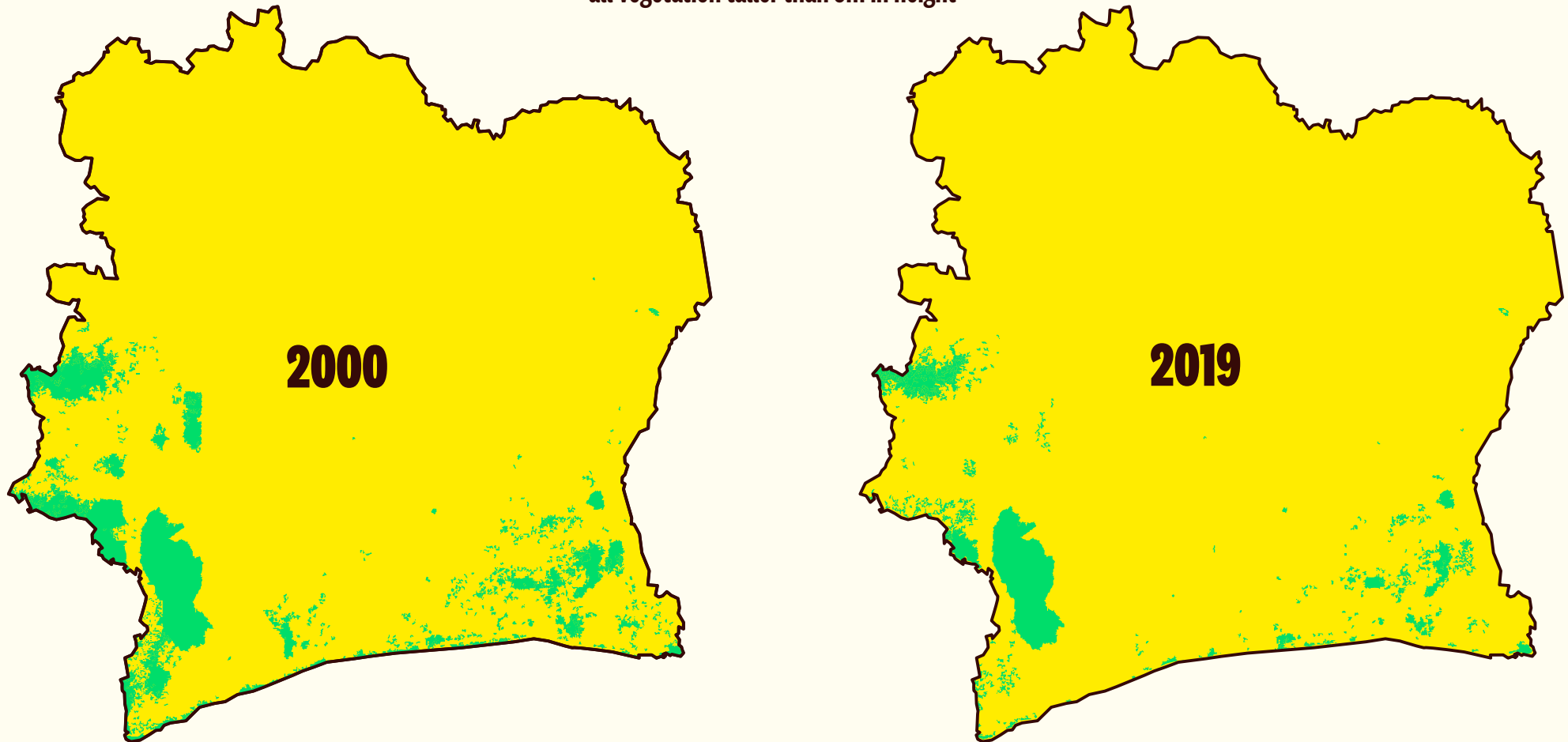
Another consequence of the widespread poverty among cocoa farmers is that they are left with few options but to try to make more money by producing and selling more cocoa. Clearing land for this can result in cocoa trees being planted in protected areas, leading to cocoa trees replacing forests. Deforestation is widespread in West Africa, with Ghana estimated to have lost 65% of its forest cover, while Côte d'Ivoire has lost as much as 90% over the last 30 years.⁶

⁶ Mighty Earth, "Sweet Nothings: How the Chocolate Industry has Failed to Honor Promises to End Deforestation for Cocoa in Cote d'Ivoire and Ghana", February 2022

Côte d'Ivoire tree cover loss

Data from Côte d'Ivoire shows that more than 2.4 million hectares of forest – an area almost the size of Rwanda and more than half of the size of the Netherlands – was replaced by cocoa plantations between 2000 and 2019⁷.

Tree cover defined as $\geq 60\%$ canopy closure for all vegetation taller than 5m in height



⁷Renier, Cécile; Vandromme, Mathil; Meyfroidt, Patrick; Ribeiro, Vivian; Kalischek, Nikolai; zu Ermgassen, Erasmus K.H.J. "Transparency, Traceability And Deforestation In The Ivorian Cocoa Supply Chain", AgriRxiv, Volume 2022, Issue 2022

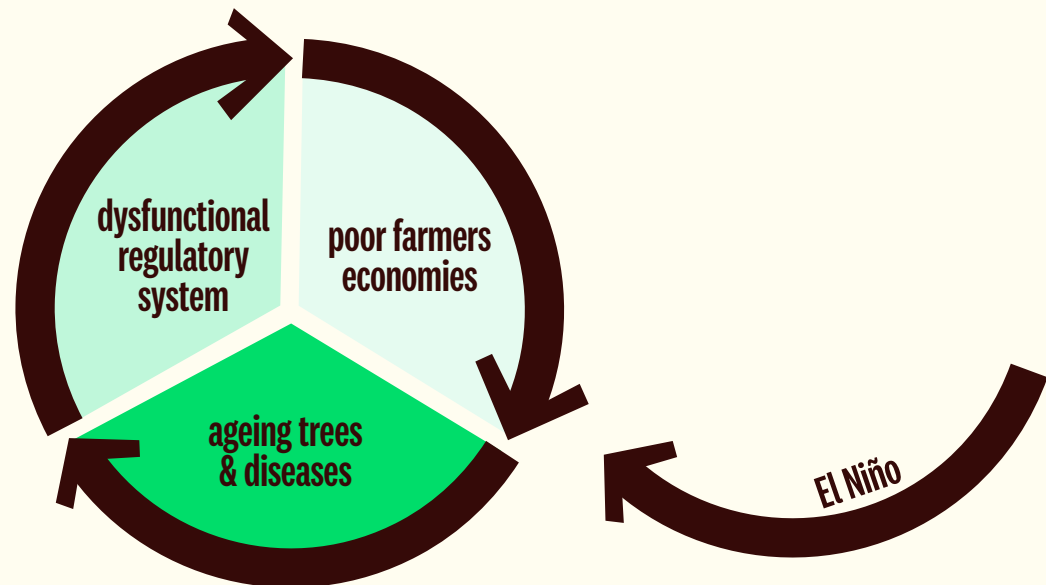
Map adapted from: Hansen, M. C., P. V. Potapov, R. Moore, M. Hancher, S. A. Turubanova, A. Tyukavina, D. Thau, S. V. Stehman, S. J. Goetz, T. R. Loveland, A. Kommareddy, A. Egorov, L. Chini, C. O. Justice, and J. R. G. Townshend. 2013. "High-Resolution Global Maps of 21st-Century Forest Cover Change." Science 342 (15 November 2013): 850–53.

1.3 The impact of long-term structural decline in cocoa production

West Africa has been experiencing a long-term structural decline in cocoa production. Several key contributing factors include:

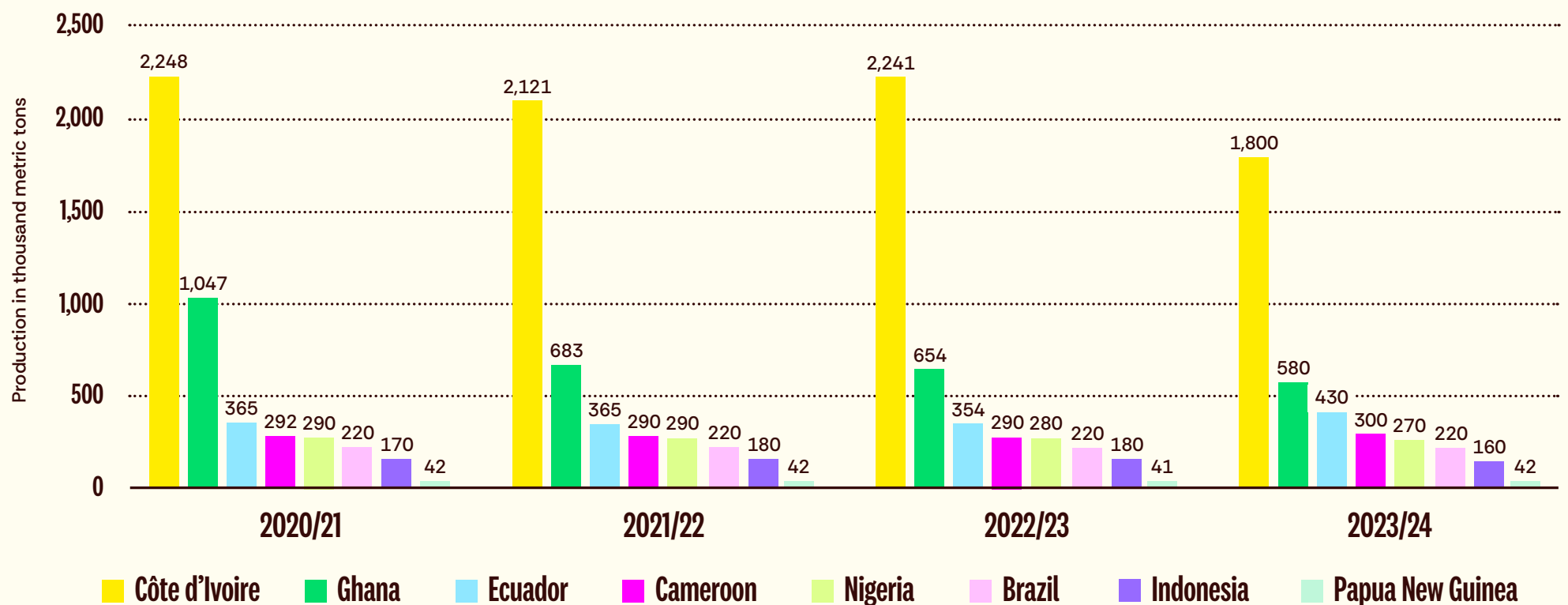
- Farmers have been chronically underpaid for their cocoa for years, leading to a lack of investment in farms, making them vulnerable to the challenges brought by climate change.
- Climate change and the effects of El Niño have exacerbated the spread of pests and diseases, leading to lower production levels.
- Ageing and diseased trees, coupled with underinvestment in the cocoa sector and government restrictions, as well as disengagement from younger generations, have also contributed to low productivity levels.

Cocoa farmers are currently stuck in a vicious cycle exacerbated by climate change



Source: Coen van Genderen from FMO (June 2024)

Global cocoa bean production from 2020/21 to 2023/24 by country (in 1,000 mt)

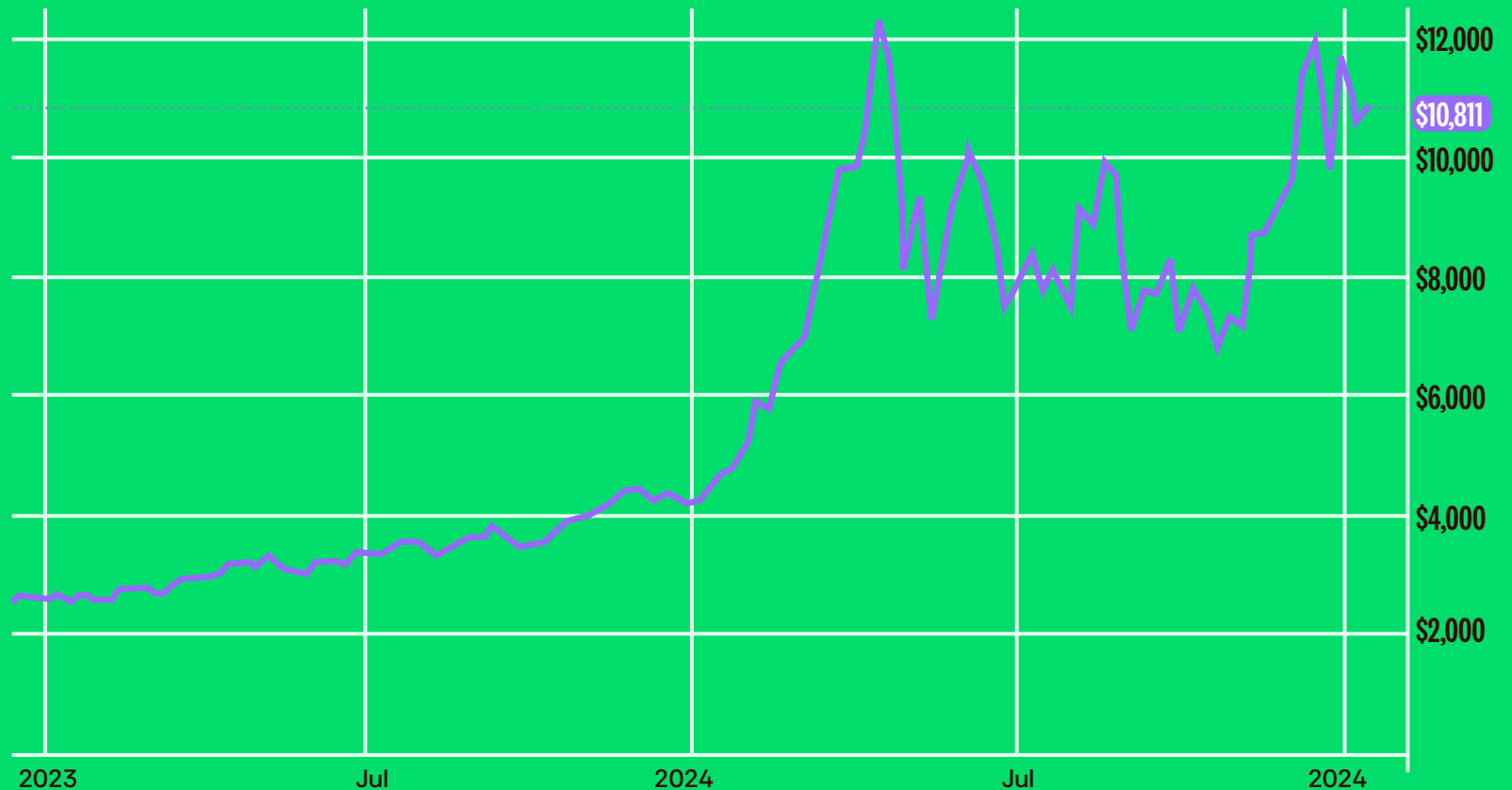


Source: Statista

1.4 Cocoa pricing: towards a better understanding

Under these conditions, and after years of low cocoa prices, production has inevitably declined. During the 2023/24 season, the worst drought since 2003 severely impacted cocoa production. According to ICCO estimates, Côte d'Ivoire's production fell by 20% and Ghana's by 11%, with exports from both countries declining by 25%, and overall cocoa stocks were at their lowest in 45 years.⁸ As cocoa became even more scarce, this caused a significant market shock with **surging prices**, as illustrated in the graph on the right.

Cocoa prices 2023/24



Source: Trading Economics, "Cocoa Price Chart – Historical Data", web, accessed December 2024

⁸ Glauber, J.W., and Mamun, A. "Global cocoa market sees steep price rise amid supply shortfall", IFPRI Blog, April 2024

For the two main cocoa-producing countries, Côte d'Ivoire and Ghana, cocoa has a central influence on the national economies.⁹ Two key aspects make up/affect cocoa prices in both countries – cocoa farmgate prices and cocoa futures market prices. The farmgate price is the respective price set by each government for the main and the mid-crop seasons each year. The futures market price is the basis on which all parties in cocoa determine what price they can ask for/should pay for cocoa. It shows what the market is willing to pay based on expected supply (particularly yield, which can be influenced by aspects like climate, politics and conflict) and expected demand for cocoa. Cocoa traders, processors, and chocolate and confectionary companies use futures trading to hedge against price risks/uncertainties.

The government of Côte d'Ivoire increased the farmgate price by 50% for the 2023/24 mid-crop beans. While we celebrate these higher prices for cocoa farmers, the reality that farmers are producing significantly less cocoa remains. Research from Wageningen University highlights that the price increase in the mid-crop is likely still not enough to offset the total loss of income for cocoa farmers from the impacts of climate change and declining yields, since the mid-crop season only accounts for about 20–25% of a given season.¹⁰ Even though cooperative staff have observed that the mid-crop season appears to have gone relatively well in terms of production, the swollen shoot virus remains an issue, and full production recovery is not expected. The declining yields imply a continued revenue decline and more pressure on cocoa farmers' household incomes.¹¹ For more details on the challenges related to farmers achieving a living income head over to the [living income chapter](#).



Photo by: Amanikro, 2023. © Clara Watt

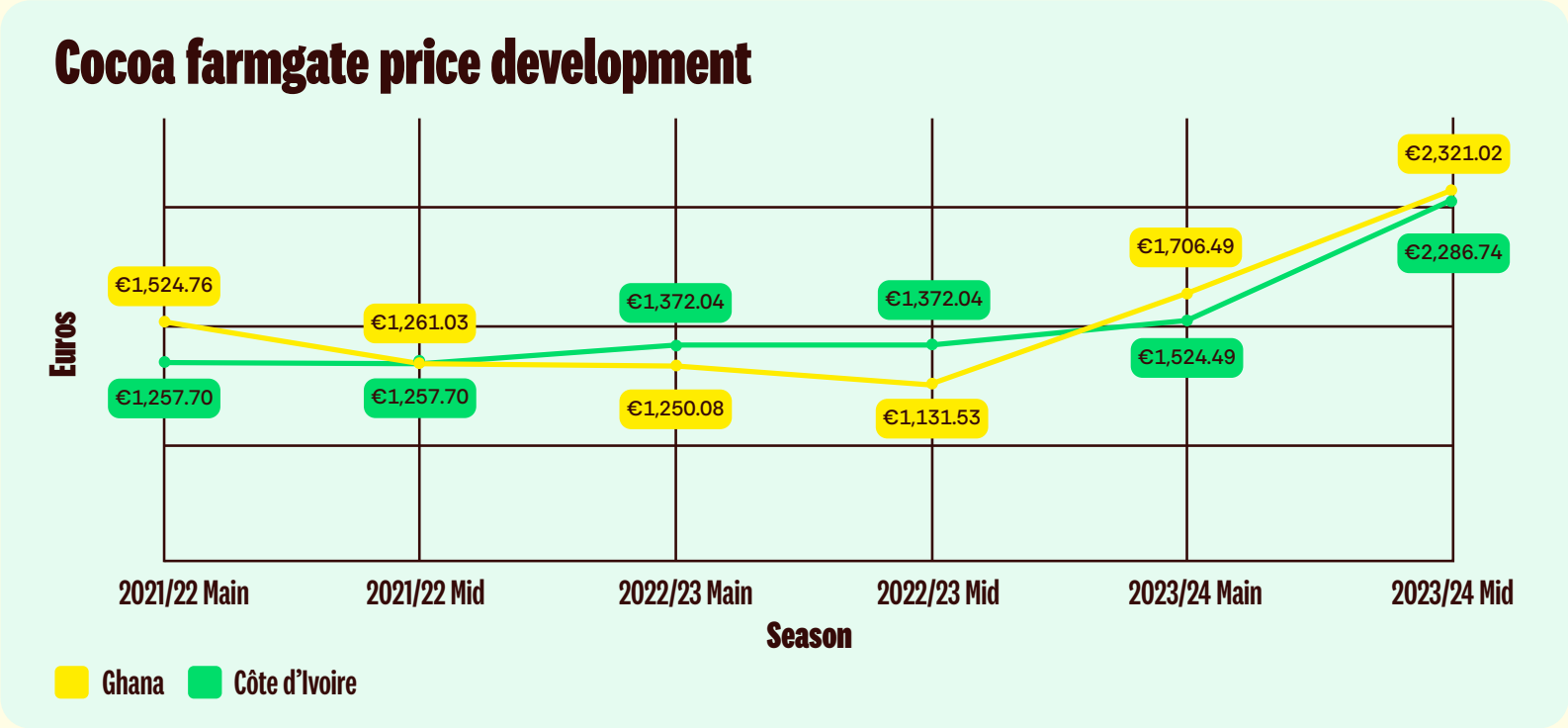
⁹ Hütz-Adams, F., Huber, C., Knoke, I., Morazán, P., Mürlebach, M. "Strengthening the Competitiveness of Cocoa Production and Improving the Income of Cocoa Producers in West and Central Africa", Suedwind, Germany, 2016, p. 44

¹⁰ Motovska, Nina Bellini; Gaviola, Agustin Gonzalez; Koster, Tinka; Waarts, Yuca, "High-Level analysis of recent and current yield in the West African cocoa sector; Trends, possible causes and recommendations for interventions." Wageningen, Wageningen Economic Research, 2024, p. 22

¹¹ Ibid

While cocoa farmgate prices and cocoa market prices are inherently connected, they are different price mechanisms.

Cocoa market prices	The price at which cocoa is traded on global commodity exchanges	Priced in U.S. Dollars	Daily volatile price fluctuations	Price fluctuations based on global supply and demand, weather conditions, geopolitical events and speculation by traders	Many supply chain actors choose the timing of buying and selling cocoa according to their preferences and needs
Cocoa farmgate prices	The price at which cocoa is sold by Ivorian and Ghanaian farmers to the first local buyer	Priced in local currencies (Ivorian CFA Franc and Ghanaian Cedi)	Set prices by the Ivorian and Ghanaian governments at the start of each main crop cocoa season in October (with a potential adjustment moment in the mid-crop season in April)	(Bi)-annual price adjustments for the upcoming season and influenced by social and political considerations	Cocoa farmers are unable to negotiate or influence this price



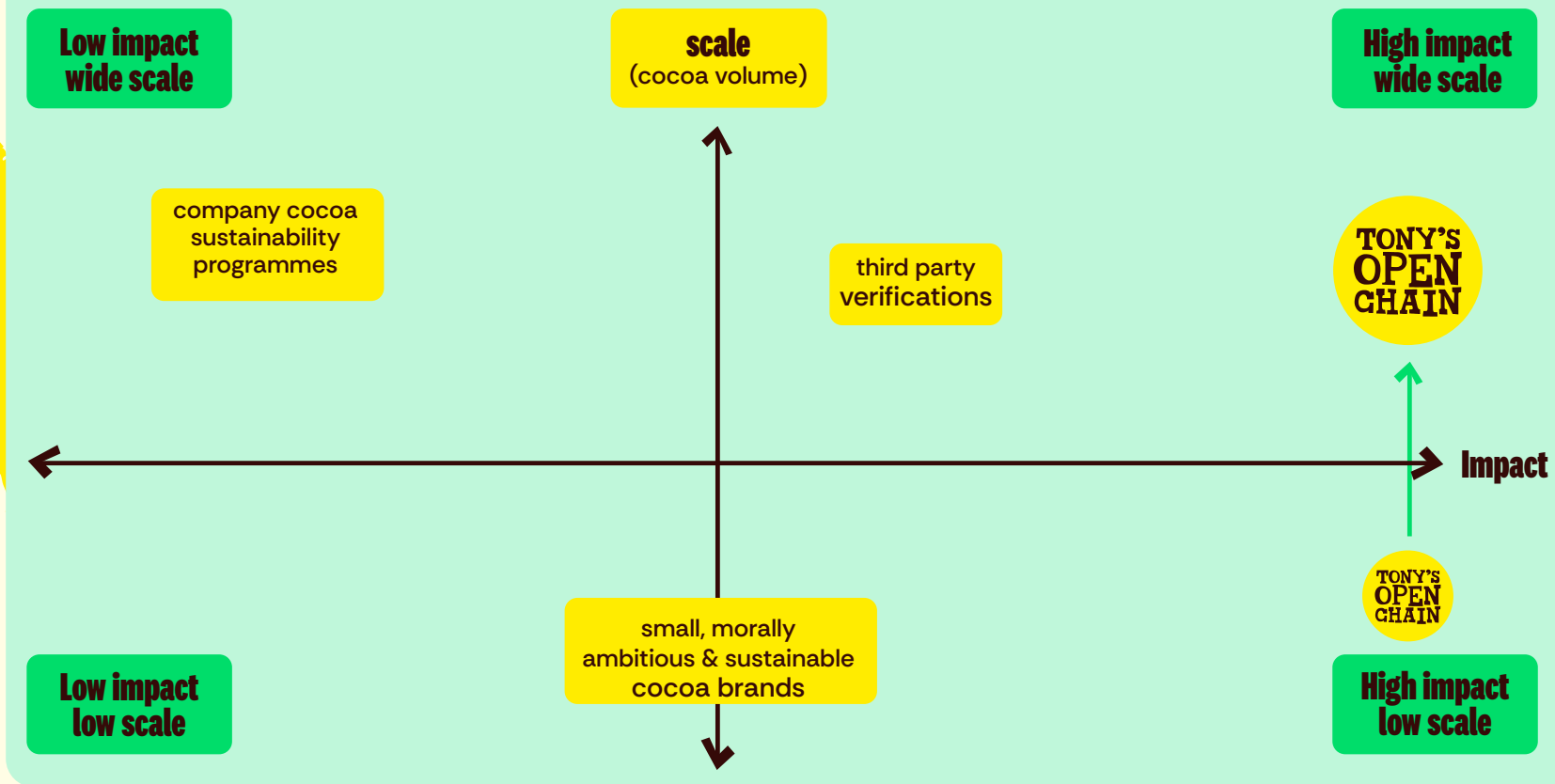
Tony's Open Chain: a model for moving forward

In light of the most recent production and price challenges, the lack of progress in addressing the main issues in cocoa is disappointing. Companies need to change their cocoa sourcing and purchasing practices to ensure fundamental and lasting change. Tony's Open Chain's approach offers a solution. Our unique model for pre-competitive collaboration is essential to transform the cocoa supply chains in Côte d'Ivoire and Ghana. Tony's Open Chain is a company that enables other businesses to source cocoa with Tony's 5 Sourcing Principles fully applied.

Tony's Open Chain focuses on scaling operations in Côte d'Ivoire and Ghana as well as expanding in the global market, balancing lasting impact with rapid growth. Unlike certifications, which are voluntary, third-party standards address various factors and are recognised by bodies like ISEAL. Tony's Open Chain aims to shift from a focus on producer criteria to improving business practices and shared responsibility along the entire supply chain.

The difference between...	...certification practices	...and Tony's Open Chain's approach
Application focus	Cocoa farmers to improve their agricultural practices	Companies to take responsibility for their business practices (including their purchasing practices)
Traceability	Partially implemented; potential disconnect/ lack of transparency of where paid premiums go	100% traceable beans and financial traceability
Pricing	Safety net for extreme poverty via premiums; not paying the LIRP by default	Paying the LIRP for 100% of beans as well as the cooperative management fee
Project types	Option of standalone projects; not necessarily part of core business; may have several commodities in scope; possibly outsourced to NGOs	Application of all our 5 Sourcing Principles for all cocoa and the entire supply chain; cooperative-centric approach; dedicated teams in Côte d'Ivoire and Ghana
Contract lengths with partner cooperatives	Often short-term contracts	Minimum 5-year contracts
Market model	Possibility to simply purchase certified beans via third parties	Required to enter into long-term direct contractual relationships

Responsibly sourced volume is the key driver for change



As our approach is built around cocoa sourcing, increasing the bean volumes sourced through Tony's Open Chain is the biggest driver to achieve more impact and create lasting change. This will cause a shift towards more responsible sourcing and purchasing practices and create an enabling environment for sustainable and long-term sector change.

But we can't achieve this alone. To successfully increase volumes sourced using our 5 Sourcing Principles, we need a larger group of committed companies to join Tony's Open Chain. We call them Mission Allies; companies committed to addressing issues

in the cocoa industry by joining Tony's Open Chain and employing ethical sourcing and purchasing practices for their cocoa. They play a crucial role in spreading awareness and increasing cocoa bean volumes sourced through Tony's Open Chain. Scaling also means that cocoa farmers and partner cooperatives are better off financially, as they have the opportunity to sell bigger volumes at higher prices over multiple seasons. Read more about our 20 Mission Allies in the [Successfully Scaling chapter of this report](#).

ENABLING CHANGE WITH TONY'S OPEN CHAIN

Tony's Open Chain is built on:

- A proven approach that demonstrates positive change is achievable
- A commitment to collective action toward the shared goal of maximising impact

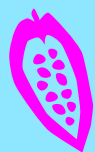
Tony's Open Chain enables companies to take responsibility for their cocoa supply chain via our 5 Sourcing Principles.

WHAT WE'VE ACHIEVED IN 2023/24 TOGETHER WITH OUR PARTNER COOPERATIVES

Traceability	A higher price	Long-term commitments	Strong farmers	Quality & productivity
We maintained 100% GPS polygon mapped farms at all partner cooperatives	We paid 44% above the main crop farmgate price in Côte d'Ivoire and 18% above the main crop farmgate price in Ghana	We have 5-year commitments with 10 partner cooperatives	We onboarded 8 new partner cooperatives (7 in Côte d'Ivoire and 1 in Ghana)	Our top-performing partner cooperative saw only an 11.4% decline in cocoa production compared to a 20% average decline industry-wide
We sourced 17,690 metric tons of beans: 19% more than in the 2022/23 season and 97% of the planned order book	At our 3 longest-term partner cooperatives, 19.1% of farmers earned at or above the living income benchmark, while the median shortfall for those below the threshold was 49% and the mean gap was 54%	We use asymmetrical contracts to buy fixed volumes of cocoa at set prices over several years, providing farmers and partner cooperatives with more stability by reducing uncertainties	We paid €46/metric ton in Côte d'Ivoire and €47,29/metric ton in Ghana in cooperative management fees, enabling partner cooperatives to invest further in their businesses	We provided coaching and access to labour brigades to cocoa farmers at all our partner cooperatives

2.1 Our 5 Sourcing Principles

Our 5 Sourcing Principles are a farmer-first approach prioritising human rights and environmental protection in cocoa sourcing and purchasing. This approach is essential to addressing and reversing decades of institutionalised inequalities within the sector. All our 5 Sourcing Principles need to be combined to offer a concrete solution to end structural poverty at the beginning of the supply chain by fostering long-term change and establishing more equal business relationships with cocoa partner cooperatives in Côte d'Ivoire and Ghana.



Traceability

Knowing who the farmers we source cocoa from are and engaging in direct relationships with partner cooperatives means understanding bean origins, producers and related social and environmental factors, which are all vital to taking responsibility and driving meaningful change.



A higher price

Supporting cocoa farmers in achieving a living income and sustainable farms requires paying higher cocoa prices. These higher prices are set according to Fairtrade's Living Income Reference Price (LIRP) for cocoa.



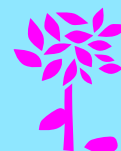
Strong farmers

Collaborating with partner cooperatives to improve professionalised farming practices and implement strong farming businesses. Collective action among cocoa farmers helps address and transform inequalities in the cocoa sector.



The long term

Establishing long-term commitments to work together with cocoa farmers and partner cooperatives to address challenges and plan for the future.



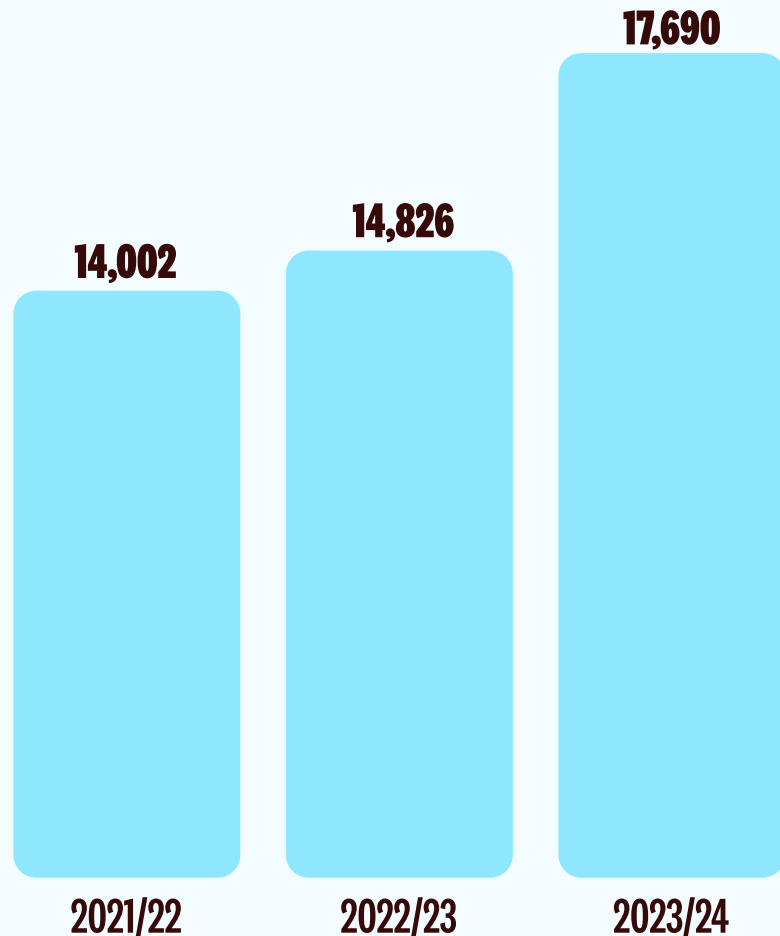
Quality & productivity

Investing in agricultural knowledge and skills, as well as organising labour brigades via partner cooperatives enhances cocoa quality and yields, boosting farmer income and preventing deforestation.



KPI 13

of metric tons of beans purchased through Tony's Open Chain



More beans mean more impact

Increased cocoa bean volumes are a key driver for sector change when sourced in line with all our 5 Sourcing Principles over multiple seasons.

In a year when cocoa was scarce, we successfully sourced our planned volumes due to the strong and long-term business relationships with our partner cooperatives. During the 2023/24 cocoa season, Tony's Open Chain collectively sourced 17,690 metric tons of cocoa beans, marking an order book completion of 97% and a 19% increase from the previous year – a growth made possible by all the Mission Allies sourcing through Tony's Open Chain and our close relationship with our partner cooperatives.

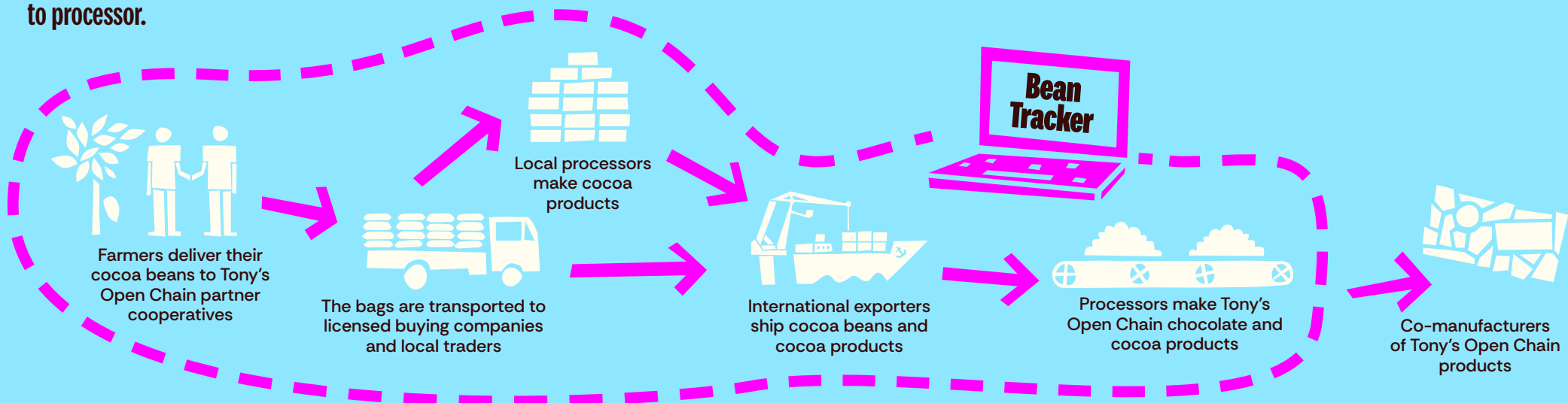
Increasing bean volumes enables lasting change, and Mission Allies play a vital role in driving demand. Real progress can only be made together.

100% Traceability is key to taking responsibility

Operational, social and environmental traceability are essential to Tony's Open Chain's commitment to transparency and accountability throughout the cocoa supply chain. Our comprehensive traceability system tracks bean origins (from the cocoa farmers), their flow through various supply chain actors (when the beans are placed on the lorries, are gathered in lots at various warehouses along the way, and as they are transferred to larger shipping containers) and bean quantities (i.e., yield). We use our proprietary bean-

tracking software, BeanTracker, to achieve this level of transparency. This allows us to foster a more transparent supply chain by knowing exactly where, when, how and by whom the beans were harvested and how they travel through the Tony's Open Chain value chain.

Our proprietary software BeanTracker tracks bean flow all the way from farm to processor.



Detailed data on each container shows the contributions of individual partner cooperatives and tracks beans through processing. We ensure 100% traceability of Tony's Open Chain-sourced cocoa, whereas traceability for other industry players is as low as 40%.¹²

KPI 8.1

% of cocoa beans that are delivered for Tony's Open Chain Mission Allies to their processor and are traceable to cocoa farmers via Tony's Open Chain partner cooperatives

2021/22

100%

2022/23

100%

2023/24

100%



Photo by © Ngadi Smart

¹² Fountain, Antonie C., Huetz-Adams, Friedel, "Cocoa Barometer 2022", 2022, p. 80



Côte d'Ivoire

Ghana

Escopag Ecojad Kapatchiva Coopaza Asunafo North
Socoopacdi Cayat Asetanapa
Coobadi Abocfa
Ecam

Partner cooperatives & cocoa farmers

The Tony's Open Chain model is anchored in a cooperative-centric approach. Our partner cooperatives, owned and run by cocoa farmers, are key to ensuring safe and sustainable cocoa farming. They serve as a crucial and direct link between cocoa farmers and Tony's Open Chain. Partner cooperatives play a critical role in supporting farmer members on their behalf. We are proud to support our partner cooperatives' strength-building as they own the implementation of our 5 Sourcing Principles, which are ingrained in their business practices.

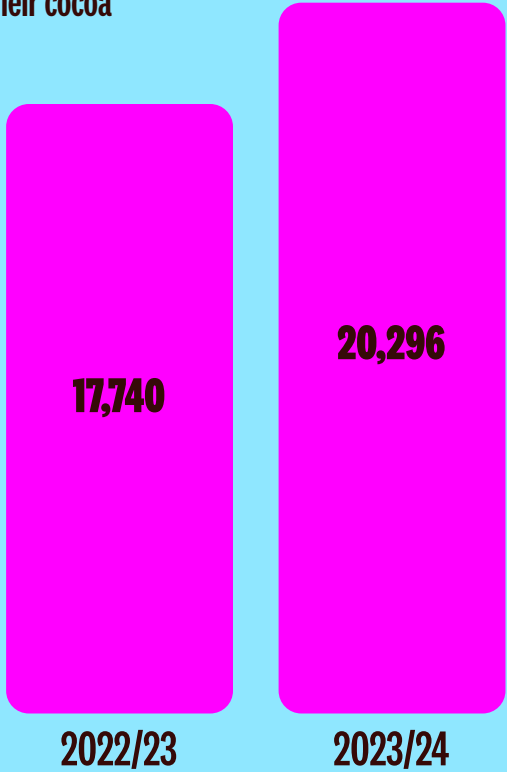
Tony's Open Chain is on its way to reaching 1% of West African cocoa farmers

This year, the number of cocoa farmers who delivered to Tony's Open Chain grew from 17,740 to 20,296. We scale our impact at the cooperative level by gradually increasing the cocoa volumes allocated to partner cooperatives over time. This way, the number of cocoa farmers benefitting from all our 5 Sourcing Principles keeps increasing year-over-year. In 2023/24, we reached 0.86% of the 2.5 million West African cocoa farmers.

Tony's Open Chain collaborates with partner cooperatives to ensure shared problem-solving, transparency and mutual growth by addressing challenges together. We strive to impact as many cocoa farmers as possible through our partner cooperatives. Our approach fosters a credible and scalable approach, with Tony's Open Chain having long-term agreements with 10 partner cooperatives in 2023/24. In 2024/25, we are working towards long-term agreements with 19 partner cooperatives in total.

KPI 4

of farmers supplying Tony's Open Chain who receive the Living Income Reference Price for their cocoa



KPI 5

of partner cooperatives with whom Tony's Open Chain has committed to a 5-year Memorandum of Understanding

		Coopaza
		Cayat
		Escopag
Kapatchiva	Kapatchiva	Kapatchiva
Ecojad	Ecojad	Ecojad
Ecam	Ecam	Ecam
Abocfa	Abocfa	Abocfa
Asetenapa	Asetenapa	Asetenapa
Asunafo	Asunafo	Asunafo
Socoopacdi	Socoopacdi	Socoopacdi
2020/21	2021/22	2022/23
		2023/24

As partner cooperatives mature and professionalise, they provide valuable insights on the application of our 5 Sourcing Principles. We group partner cooperatives based on their tenure with Tony's Open Chain and their performance and collaborate through quarterly meetings, evaluations and season-kick-off feedback sessions. These feedback loops are crucial for us to learn from each other and ensure successful programme implementation on both sides.

Partner cooperatives further share learnings, support each other and assist in onboarding new partner cooperatives, with harvesting cooperatives aiding new and fruiting partner cooperatives. Three of our longest-term partner cooperatives – Ecojad, Ecam and Kapatchiva – are prime examples of the strong and collaborative relationships we foster. They provide us with vital feedback and help steer consultative processes, thereby pushing Tony's Open Chain to be the best industry partner.

For example, during the 2023/24 season, cooperatives led consultations with their members focused on digital money transfer. Cooperative consultations were essential in identifying the practical challenges of transitioning to a digital financial system. In the design phase of a new financial inclusion programme with Agriterro (and with financial support from RVO), the consultations revealed a complex interplay of factors that needed to be addressed and, with cooperatives and their members at the core of the design phase, the forthcoming implementation phase (2025-2027) is carefully tailored to communities' specific needs and realities.

To support our diverse portfolio of partner cooperatives at various stages of development, we implement a flexible approach. Together, we ensure fundamental tools, like our Child Labour Monitoring & Remediation System (CLMRS), BeanTracker and GPS mapping tools, are in place from the start. This allows us to identify and address issues in cocoa communities while gradually supporting partner cooperatives to adopt more advanced and granular aspects of our 5 Sourcing Principles, such as digital accounting systems. This approach facilitates efficient onboarding and provides partner cooperatives with the necessary time and support to advance along their individual development paths, ultimately leading to tangible outcomes for the most pressing issues in cocoa.

“Thanks to a win-win partnership with Tony’s Open Chain, Kapatchiva (part of the ECOOKIM Union), focused on increasing producers’ well-being, working on strengthened organisation, sustainable development and community impacts, and won the prize for best cooperative society of Côte d’Ivoire in 2024. ”

Kouakou Barthélémy, Director of Kapatchiva



From left to right: Kouakou Barthélémy (Director of Kapatchiva), Zana Silué (President of the Board of Kapatchiva) and Kouassi Kouassi (President of the Kapatchiva Survey Council)

Enabling partner cooperatives

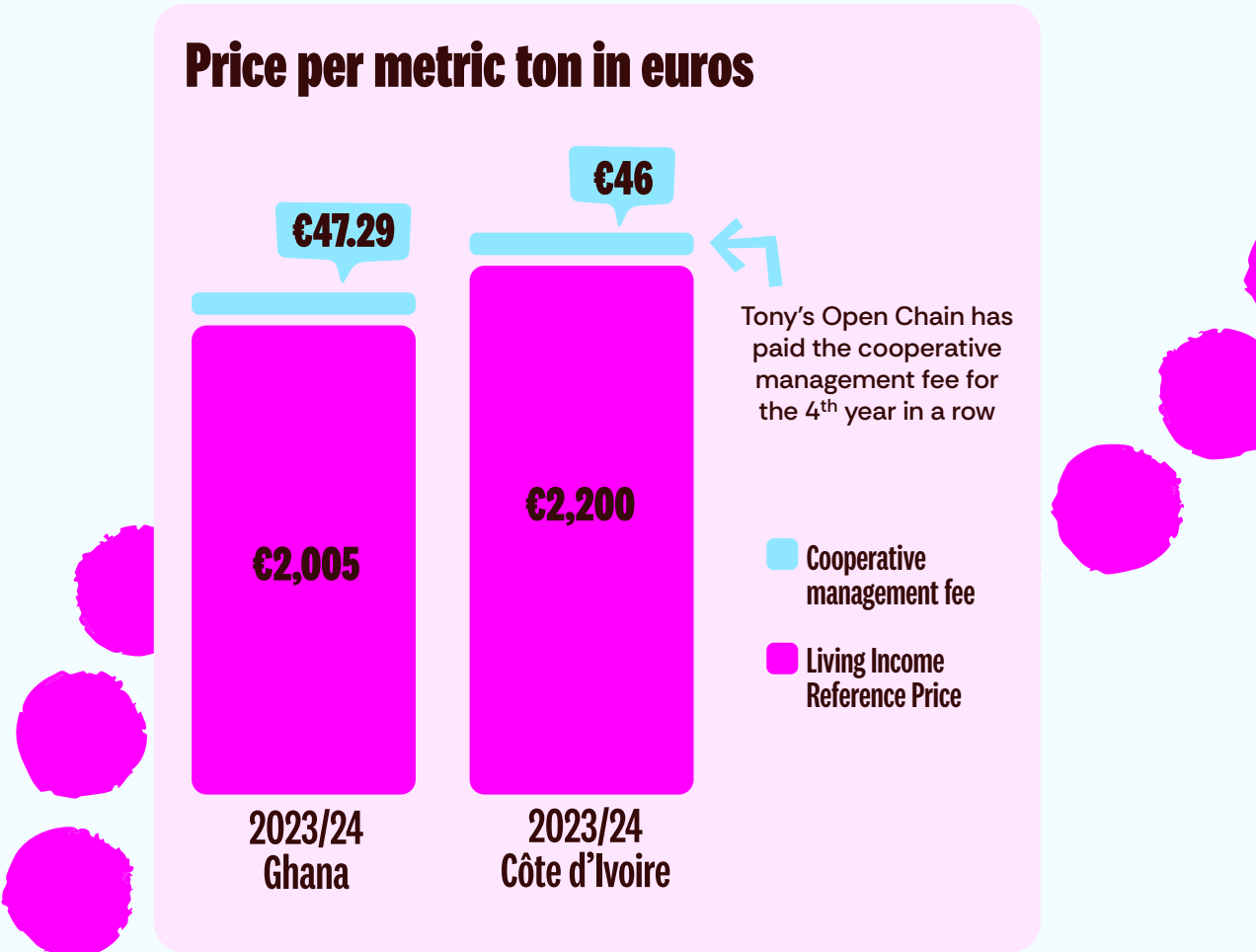
Tony's Open Chain advocates for empowering local organisations that are best positioned to instigate change in their communities. Our cooperative-centric approach is innovative in an industry that often overlooks direct collaboration with cocoa cooperatives. The success of Tony's Open Chain hinges on working with partner cooperatives who are deeply rooted in local cocoa communities and well-versed in the industry. As independent and democratic entities, they drive the efforts of Tony's Open Chain in Côte d'Ivoire and Ghana, making them ideal partners for implementing programmes that create meaningful impact for cocoa farmers. Thus, the partner cooperatives are not just the backbone of Tony's Open Chain's operations – they are also service providers delivering the most effective solutions to challenges within cocoa communities.

Cooperatives also serve as valuable service providers to each other, generating income in the process. For instance, Ecam supported Coobadi and Coopaza with mapping services. Through these collaborations, cooperatives not only enhance their capabilities but also help strengthen the broader Tony's Open Chain cooperative portfolio as it continues to grow.

Compensation for implementation: the cooperative management fee

Partner cooperatives are crucial to our core activities, including supply chain traceability, social traceability and cocoa productivity. To facilitate their professionalisation and growth, Tony's Open Chain paid €46 per metric ton in Côte d'Ivoire and €47.29 per metric ton in Ghana, amounting to €1,411,774 in 2023/24. This cooperative management fee is a critical tool for enabling the cooperative business model and is used to cover ongoing costs.

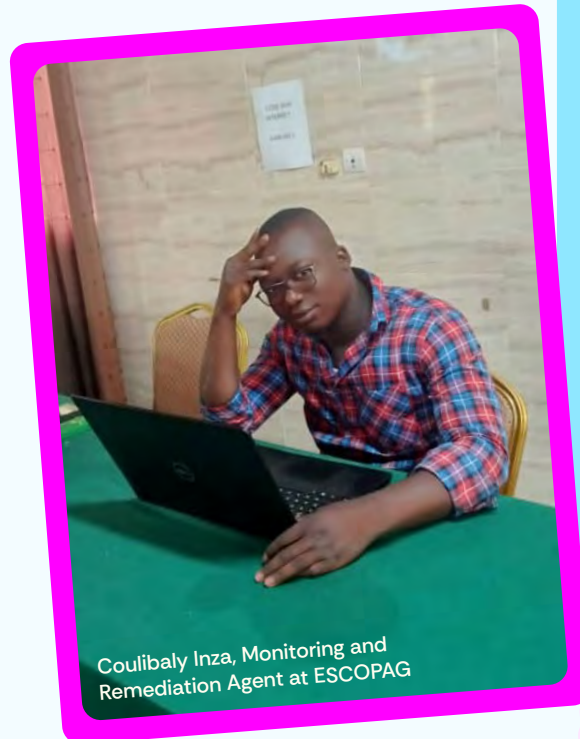
Early-stage partner cooperatives in the fruiting phase often use the management fee to invest in infrastructure, while more advanced partner cooperatives in the harvesting phase might explore new production systems or invest in soil analysis to optimise fertiliser use. The cooperative fee facilitates progress towards the ultimate goal of enabling partner cooperatives to operate independently and fosters innovation and efficiency across their business operations.



Running a data-driven business

Many cocoa cooperatives in West Africa currently lack proper ownership of their data, which limits their ability to innovate and make informed decisions. Tony's Open Chain aims to change this by ensuring that partner cooperatives can access and use the data from all implemented Tony's Open Chain programmes (click to find out more about [CLMRS](#), [BeanTracker](#) and [GPS tracking](#)). This data ownership enables the partner cooperatives to better shape their programmes, revisit successful practices and explore new concepts that truly benefit cocoa farmers.

Implementation of meaningful actions begins with actionable data. Having an up-to-date farmer register, knowing which exact land plots the cocoa is coming from, and tracking the flow of beans, for example, allows for better scrutiny of payment flows, enabling cooperatives to address any issues that arise throughout this process in a targeted manner.



“ Through its 5 sourcing principles and collaborative approach, Tony’s Open Chain has supported the ESCOPAG cooperative on its path to professionalising its management. This collaboration has empowered our cooperative and enhanced our credibility among our members and the broader communities we serve. Additionally, this partnership has strengthened the cooperative’s members through the living income premium. Our cooperative has also been able to carry out community and social initiatives that have significantly reduced cases of child labour. This progress was made possible through special funds allocated for remediation and community development, including the construction of schools, hydraulic pumps, the establishment of women’s groups coupled with income-generating activities and savings and credit groups, as well as raising awareness among members and communities about human rights and hazardous work for children. The Tony’s Open Chain and ESCOPAG partnership has had a profoundly positive impact on our farmers and our communities. ”

Coulibaly Inza, Monitoring and Remediation Agent at ESCOPAG



Photo by: Jeu de Societe. Amanikro, 2023. © Justin Makangara

2.2 Living income and beyond: household income and farmer resilience

Efforts to support and enable cocoa farmers to lift themselves out of poverty often emphasise increasing their responsibilities – such as improving cocoa quality, adopting better agricultural practices, boosting productivity or diversifying their income sources. This focus, however, absolves companies of their responsibilities. A more effective strategy involves recognising a wide diversity of local contexts, household types and different abilities and ambitions, as well as a balanced combination of interventions, which includes guaranteeing higher cocoa prices over multiple seasons alongside investments in productivity to raise overall household incomes. This fosters farmer resilience and creates the potential for more household types (or segments) to achieve a higher income via cocoa farming.

What we worked on together with our partner cooperatives in 2023/24	What we tested on a smaller scale in 2023/24	What is to come in 2024/25
Our Mission Allies paid 44% above the main crop farmgate price in Côte d'Ivoire and 18% above the main crop farmgate price in Ghana	We implemented a digital payments project at 3 partner cooperatives in Ghana and used learnings to scale the approach further	We want to work with more partners and experts towards solutions and pathways for all cocoa farmers to reach a living income; we aim to reshape our payment model by scaling digital payments to 6 partner cooperatives and ensuring inclusive access for all members via digital literacy coaching
At our 3 longest-term partner cooperatives, 19.1% of farmers earned at or above the living income benchmark, while the median shortfall for those below the threshold was 49% and the mean gap was 54%	We investigated the climate shock impact and other barriers to closing the living income gap with cocoa farmers and with Wageningen University & Research	We want to build and monitor our Emergency Productivity Booster payment to support farmers to recover yield losses from climate shocks
In Côte d'Ivoire, the average number of basic assets (e.g., phones and computers) owned by cocoa farmers increased from 2019 to 2023	We analysed 5 years of data to gain insights into cocoa farmers' realities, shaping our strategy for achieving a living income	We will dive deeper into specific trends over time to develop a more inclusive and equitable approach to improving cocoa farmers' living standards

The long term: multi-season commitments for security & stability

For cocoa farmers, the long-term commitment to higher cocoa prices translates into economic stability, better financial planning and the ability to invest in farm improvements, ultimately enhancing farm resilience.

The 2023/24 mid-crop cocoa price increased to €2.29/kg in Côte d'Ivoire and €2.32/kg in Ghana, signalling a positive shift for farmers' incomes.¹³ Nevertheless, for these higher prices to truly enable cocoa farmers to move out of poverty, they must be sustained over the long term.

Farmers often rely on aging trees that still provide some cocoa yield but need to be replaced for heightened productivity. However, many cocoa farmers find it challenging to make long-term investments into the planting of new trees, as this requires both paying costs up front and a long waiting period to recoup that investment – something that is particularly difficult for cocoa farmers who are living in poverty. And without a guaranteed buyer for their increased cocoa yield, the risk becomes even higher. A long-term commitment from one (or more) buyers offers cocoa farmers security, ensuring their efforts will be rewarded.

This is why one of our 5 Sourcing Principles emphasises long-term commitments. Tony's Open Chain facilitates this through a Memorandum of Understanding, which guarantees at least five years of collaboration via unique, asymmetrical contracts¹⁴ that offer partner cooperatives the freedom to sell their cocoa elsewhere.

In asymmetrical contracts, we commit to purchasing set volumes of cocoa at specific price points over several years, providing cocoa farmers and cooperatives with stability by reducing their risk and business uncertainty, as well as ensuring that cocoa farmers are protected from unpredictable market fluctuations and seasonal uncertainties. This means we respect their independence while they can still choose to enter contractual obligations with other buyers. Our ambition is to become their preferred buyer through our approach rather than because of a binding contract.

This long-term approach not only strengthens cocoa communities but also enables the development and set up of a comprehensive five-year strategic plan by our partner cooperatives and Tony's Open Chain team. This strategic plan guides the partnership based on shared commitments and provides a foundation for annual plans and evaluations.

¹³ International Cocoa Organisation, web, accessed December 2024

¹⁴ For more details on asymmetrical contracts see Fountain, Antonie C., Huetz-Adams, Friedel, "Cocoa Barometer 2022", p. 110

Consistently paying higher cocoa prices

Tony's Open Chain ensures a higher price is paid for cocoa, exemplifying a responsible purchasing practice that companies can adopt immediately to help increase smallholder cocoa farmers' incomes. Our pricing model follows principles and models agreed upon with our partners that are designed to enable a living income for cocoa farmers. We are consistently assessing these principles and our pricing model to ensure they remain fit-for-purpose.

A roadmap for enabling a living income

Underpaying farmers for their cocoa is a human rights violation (Article 23 of the Universal Declaration of Human Rights¹⁵). A living income is a human right and a prerequisite for addressing many other challenges in the cocoa sector.

Cocoa farmers often struggle to earn enough to cover their basic living costs, which include necessities such as food, decent housing, education and healthcare. Despite their hard work and, in many cases, multiple income sources – from farming as well as non-farming activities – many cocoa farmers still fall short of what is needed to achieve a dignified standard of living. The concept of a living income focuses on the “idea of decency and earning enough income to live comfortably” ¹⁶, which extends beyond basic subsistence and survival captured by national and international poverty lines.

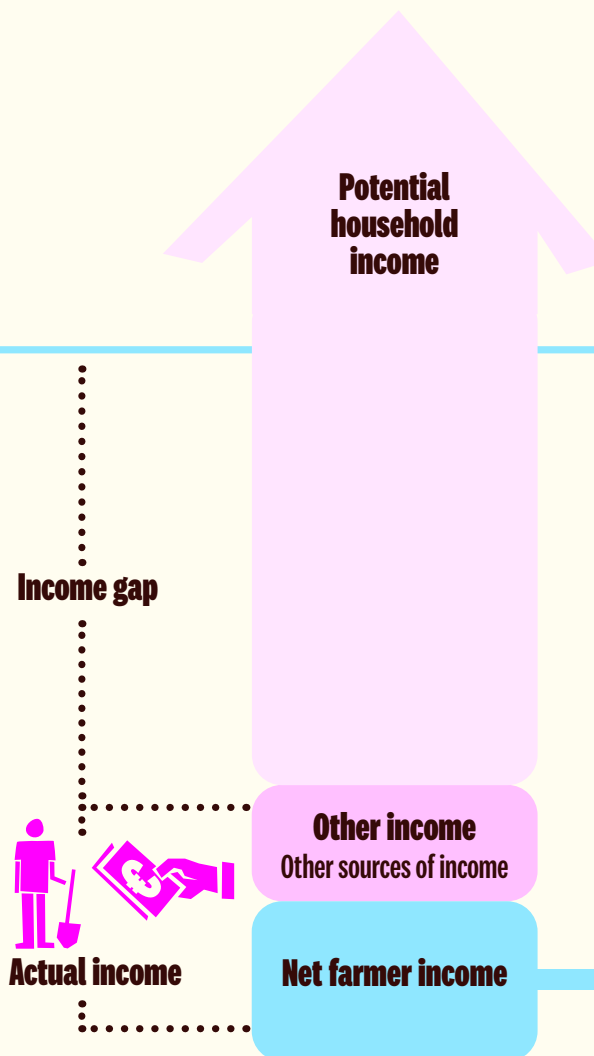
	Living income	Living wage
Definition	The net annual income required for a household in a particular place to afford a decent standard of living for all members (Living Income Community of Practice, 2023)	The remuneration received for a standard workweek by a worker in a particular place that is sufficient to afford a decent standard of living for the worker and their family
Scope	Focuses on households, including self-employed individuals such as cocoa farmers	Focuses on wage earners, typically in the context of employment of hired or salaried workers
Key components	Covers food, water, housing, education, healthcare, transportation, clothing and other essential needs, including savings for unexpected events	Covers the same areas as the key components addressed for living income

¹⁵ United Nations, “Universal Declaration of Human Rights”, 1948, web, accessed December 2024
¹⁶ The Living Income Community of Practice, “The Concept”, web, accessed December 2024

The living income story



A living income should enable a basic, decent standard of living for a household, including;



19.1%

... of cocoa farmers at our long term partner cooperatives are earning at or above the living income benchmark

80.9%

... of cocoa farmers at our long term partner cooperatives are not yet crossing the living income benchmark

Net farmer income =

Revenue from sale of cocoa and other produce

minus

Input costs Land costs Labour costs
Unexpected costs Other

Visual inspired by the Living Income Community of Practice's [Living Income Story](#)

The Living Income Reference Price

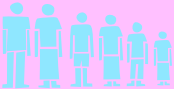
Like other agricultural businesses, cocoa farming relies heavily on achieving a balance between sales prices and production costs, which include input costs (e.g. the cost of buying seeds and tools), land costs (e.g. land rental and purchase) and labour costs (e.g. paying wages of additional labour). When the income earned is not sufficient to cover the household's living costs, as well as these input costs, and any unexpected expenses, like crop damage from drought or bad weather, it becomes difficult or even impossible for cocoa farmers to reinvest in their farms and sustain their livelihoods.

As part of our living income approach, we pay the Living Income Reference Price (LIRP) for cocoa in Côte d'Ivoire and Ghana as set by Fairtrade. Whilst Fairtrade set this price independently, it is important to note this is a different and higher price than the standard Fairtrade premium. Fairtrade sets the LIRP based on a number of factors including household size, the costs of living and farming, viable farm size, productivity targets and income from other activities.¹⁷ The LIRP is created with reference to the living income benchmark for both countries, which is set by the Living Income Community of Practice using the Anker methodology.

In 2023, Fairtrade International launched an initiative to evaluate and evolve the LIRP model five years after its inception. Informed by data and insights from various researchers, cooperatives and companies, including Tony's Open Chain, the LIRP review (which is expected to be completed in late 2024 for implementation in the 2025/26 season), is intended to result in an updated LIRP which takes into account the current challenges farmers face.

¹⁷ Fairtrade, "Fairtrade Living Income Reference Prices for Cocoa", October 2022

Factors of the Living Income Reference Price

	Côte d'Ivoire	Ghana	
 Household size	8	6	The household size is based on data from the Living Income Community of Practice.
 Cost of living (per person per day)	€ 2.32	€ 1.85	The cost of farming and cost of living indicators were last adjusted for inflation in 2022. (See Fairtrade Living Income Reference Prices for Cocoa, October 2022). The costs of living are taken from the living income benchmarks for Ghana and Côte d'Ivoire, last updated in June 2022.
 Cost of farming (fixed per hectare)	€ 533	€ 437	The costs of farming include costs for inputs, hired labour (beyond household labour), and fixed costs for materials and logistics.
 Viable farm size	4.4 ha	3.3 ha	The productive cocoa area per farmer is based on a viable farm size that can absorb the available family labour, considering a 17% reduction for cocoa rejuvenation. The most recent estimation of Tony's Open Chain farmers based on GPS polygon mapping shows that this area is closer to 2 ha.
 Productivity target (per hectare)	800 kg	800 kg	The aspirational yield is set at 800 kg/ha, based on consultations by Fairtrade with farmers in West Africa in 2018/19. This is currently not reflected in the Tony's Open Chain supply chain: average yields are around 580kg/ha, with more appropriate aspirational yields of 620kg/ha.
 Income from other activities (per person per day)	€ 0.59	€ 0.51	In the Fairtrade model from 2019, other income as generated by the farming household through food production, sales of other crops and services, was estimated at 25% of the cost of living. The most recent Tony's Open Chain data shows that this is closer to 40%.

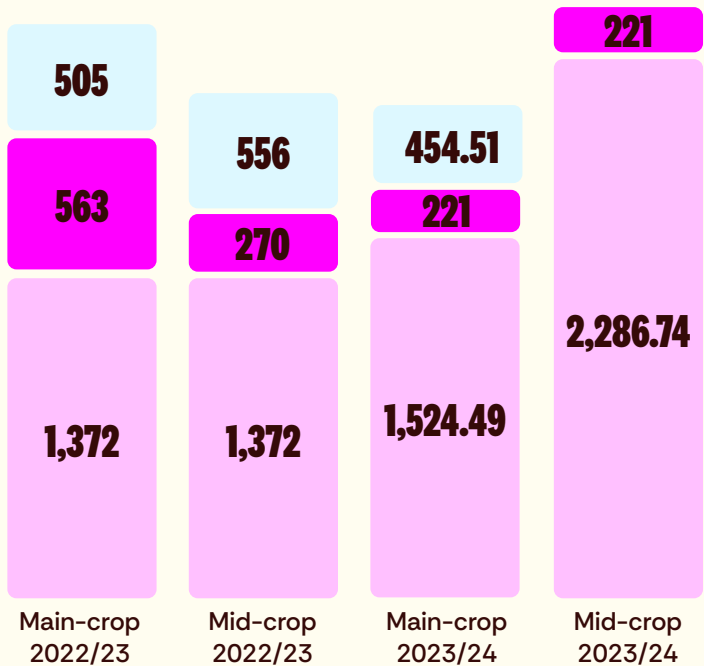
Paying the LIRP addresses one of the income drivers of farming households, but more is needed to ensure that cocoa farmers can meet their basic needs and secure stable and sustainable livelihoods. In doing so, income gaps that have left many cocoa farming households vulnerable and unable to thrive can begin to close. But paying a

LIRP and addressing other factors using a living income approach is only the starting point. Truly prosperous farmers can see a future in cocoa that goes beyond just making ends meet.

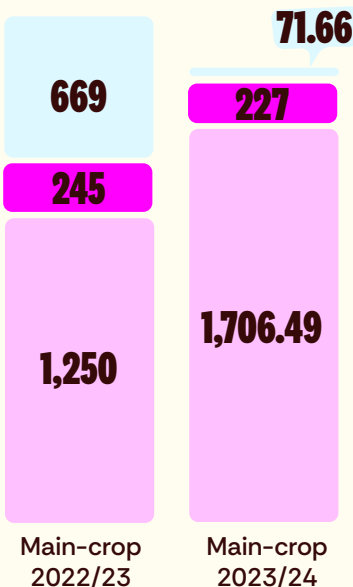
KPI 15

Amount of premium paid (per metric ton of cocoa) to reach the Living Income Reference Price

Côte d'Ivoire



Ghana



Living income premium = the additional premium needed to close the gap to the Living Income Reference Price.

Fairtrade premiums = the premium paid for Fairtrade certified cocoa. This is not enough for cocoa farmers to earn a living income.

Farmgate price = the price farmers receive for their cocoa. It's set by the governments for the main and the mid-crop seasons each year.

- Living income premium
- Fairtrade premiums
- Farmgate price

Since 2022/23, this KPI is expressed in euros, whereas in previous years, it was in US dollars. Prior years were corrected accordingly to enable year-on-year comparison.

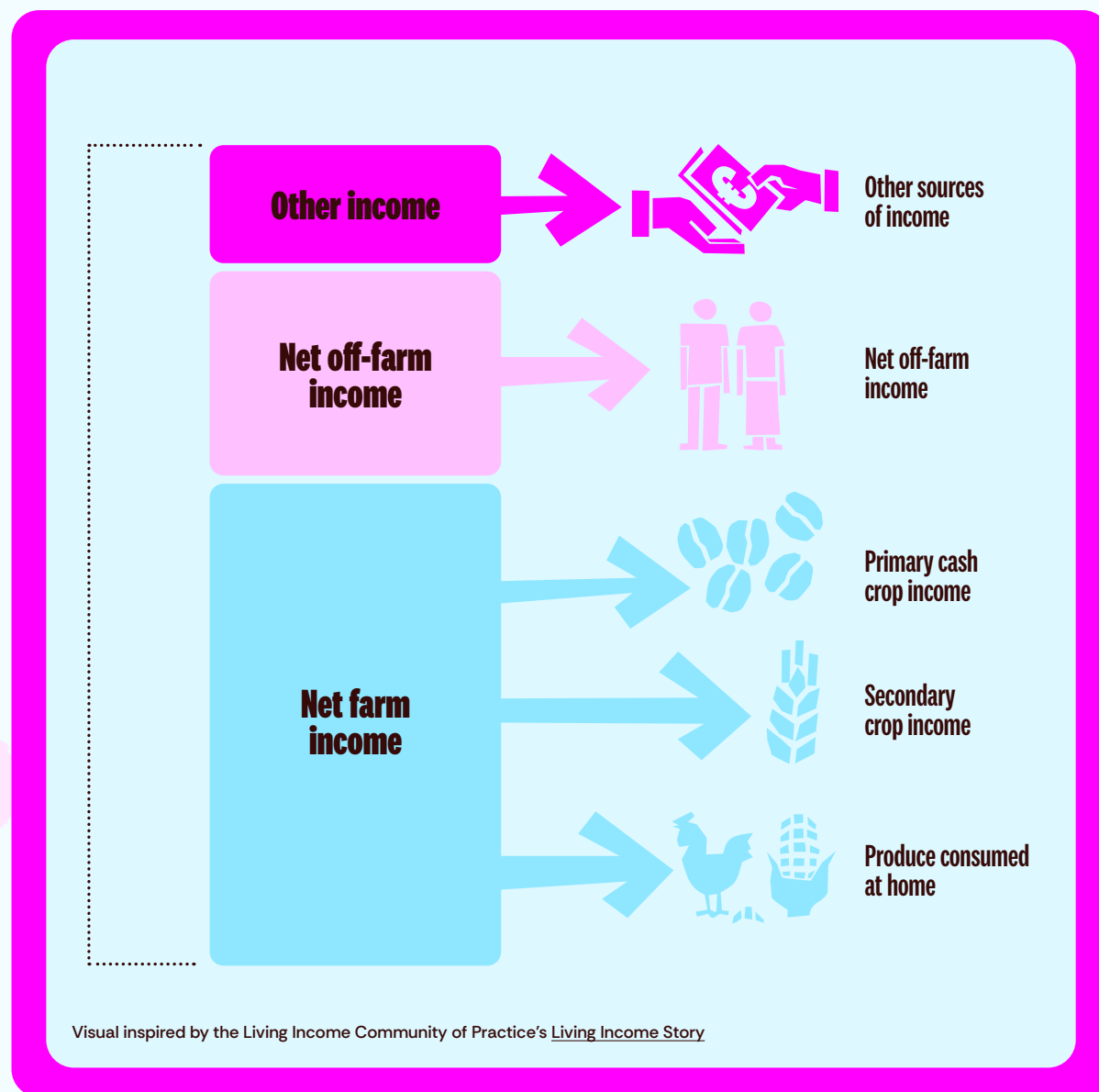
Understanding cocoa farming incomes

Each year, Tony's Open Chain carries out a living income gap assessment for a sample of partner cooperatives and farmers, to understand how many cocoa farmers are at or above the living income benchmark. We do this analysis at 3 of our partner cooperatives, where we have been working for several years, have good income data, and from whom we buy significant volumes of their total cocoa production. These 3 cooperatives are Ecam, Kapatchiva, and Ecojad.

Our analysis at these 3 partner cooperatives of the 2023/24 season showed that:

- 19.1% of cocoa farmers at our longest term partner cooperatives are earning at or above the living income benchmark.
- 80.9% of cocoa farmers at our longest term partner cooperatives are not yet crossing the living income benchmark with a mean gap of 54% and a median gap of 49%.

The fact that 80.9% of cocoa farmers are not earning a living income despite being paid a LIRP for the cocoa they supply to Tony's Open Chain is highly concerning. It indicates that the current living income approach used in the cocoa sector is not effective for raising a majority of households above the living income benchmark. For example, it does not adapt to declines in productivity and climate shocks ([detailed further in the Climate Shocks chapter](#)), and the rising costs of living and production. More fundamentally, the figure also spotlights that the LIRP model is built based on a model farmer (in which the model farmer can achieve the criteria outlined above). This is needed for benchmarking (e.g. estimating how much a LIRP can close income gaps). When attempting to actually raise farmer incomes, we must acknowledge that not all farmers at Tony's Open Chain partner cooperatives fit that model farmer mould. While we support the LIRP as a model to enable comparisons and measure progress, we also need to look at the realities of the farmers in our supply chain.



Whilst Fairtrade's review of the LIRP model has been in process, we have analysed our data related to living income and productivity. The industry average yield is around 520kg/ha.¹⁸ In our supply chain about 50% of farmers are producing more than 580kg/ha, and high-performing farmers are producing 620 kg/ha. This suggests that 800kg/ha is not an achievable aspiration for farmers that are part of our partner cooperatives (we are defining "achievable" together with them to set shorter timeframes; for example, we believe that productivity targets should realistically be reached in 3-5 years).

Tony's Open Chain does not receive 100% of the farmers' cocoa supply. Our partner cooperatives also sell cocoa to other customers. Additionally, according to our data, 40% of farmers' income comes from sources other than cocoa. As a result, earning a living income is only partially in our direct sphere of influence. Under ideal conditions, in which cocoa farmers deliver 100% of their "aspirational" 620kg/ha yield to Tony's Open Chain, we estimate that we could enable 29% of cocoa farmers to reach or exceed the living income benchmark.

Reflections on cocoa farmer realities in Côte d'Ivoire in the Tony's Open Chain supply chain

Based on analysis of data across our supply chain in Côte d'Ivoire, we note that:

1. Average farm sizes are closer to 2 ha (based on polygon measurements), than to 4.4. ha (the value used by the LIRP model, derived from the available household labour).

2. Average yields are around 580kg/ha, with more appropriate aspirational yields of 620kg/ha, compared with the LIRP's value of 800kg/ha.
3. The median household size of cocoa farmers at our partner cooperatives is 6, while the LIRP is using a household size of 8 in Côte d'Ivoire.
4. It is important to factor in the costs of labour brigades (which are hired by at least 63% of partner cooperative farmers) rather than assuming that a full adult family will provide unpaid and full-time support for required farm-work.
5. It is important to consider the percentage of other income that farmers need, which our data suggests is around 40%.

We want to learn from existing evidence what it will take to enable all cocoa farmers to cross the living income benchmark. In practice this means implementing our own living income vision while acknowledging that farmers are part of a wider landscape, with multiple income sources. In the short term we are:

1. Improving access to professional hired labour by securing affordable, effective, youth-led labour brigades for farmers to boost yield.
2. Ensuring stable, predictable prices and cash payments by ensuring that farmers have cash in the months of July to September to cover costs of essential expenses such as food during the low-production period.

In anticipation of the LIRP being updated, Tony's Open Chain explored options for supplementing farmers' income through other means. We investigated the option of paying an Emergency Productivity Booster on top of the existing LIRP for the 2024/25 season to provide farmers with the means to make investments in their farms, hire labour and avoid accumulating debts. The timing and roll-out of this payment will be co-developed with partner cooperatives during the 2024/25 season to

ensure that it reaches cocoa farmers effectively at the right time, with technical support for digital cash payments and verification procedures by an external auditor to ensure strong and sustainable outcomes. We are highly concerned that the gap towards a living income is as large as it is, but we are also motivated to focus this upcoming year on activities that we believe will move farmers closer to that living income benchmark. Scaling Tony's Open Chain in volume and number of Mission Allies means more volume is being bought with premiums and the cooperative management fee, enabling the cooperatives to support their farmer members better. Furthermore, the newly published LIRP will raise the bar on pricing and enhancing our productivity and professional labour programming will help farmers boost their incomes.

Assessing living standards: 5-year insights

This season, we have stretched our knowledge and dug deep into a wealth of data about the realities of cocoa farmers working with Tony's Open Chain, collected over 5 years. It is important to recognise that income alone does not guarantee a decent quality of life. Paying the LIRP is a critical factor in building sustainable livelihoods for farming families, but farmer wellbeing is reliant on a wider range of factors. Insights from the Multidimensional Poverty Index (MPI)¹⁹ and 2023/24 survey data offer a view of farmer wellbeing across a more comprehensive set of indicators.

We have been assessing the MPI-poverty of Tony's Open Chain partner cocoa farmers annually since 2018/19. Through data analysis, we aim to better understand long-term improvement trends, as well as areas where cocoa farmers continue to face challenges. This year, we

¹⁸ Fountain, Antonie C., Huetz-Adams, Friedel, "Cocoa Barometer 2022", 2022, p.14

¹⁹ Oxford Poverty and Human Development Initiative, "Multidimensional Poverty and the AF method", web, accessed December 2024

tested data across a five-year period against a series of hypotheses. These hypotheses reflected observations on the cocoa communities Tony's Open Chain sources from. Key findings are provided below.

The majority of Tony's Open Chain's partner cocoa farmers use hired labour.

In 2023/24, 63% of cocoa farmers in Côte d'Ivoire and 85% of cocoa farmers in Ghana used hired labour. Among those cocoa farmers who have been part of Tony's Open Chain for the past three years, hired labour usage increased by 8% in Côte d'Ivoire and by 6% in Ghana between 2022 and 2023. Partner cooperatives are increasingly providing farms with labourers, supporting the fact that growth and enhancement of farming processes require longer-term investment. Overall, cocoa farmers are hiring labour regardless of the number of people who live in their household, which is challenging the concept of family farming and showing the need for professional labour – an aspect that we are keen to support further.

- Financially worse-off and MPI-poor cocoa farmers were less likely (56%) to hire labour than those estimated to have reached a living income (70%).
- Larger farms have a higher likelihood of hiring labour.
- Gender and age showed limited influence on hiring labour, although younger cocoa farmers were slightly less likely to hire labour than older ones.

Cocoa farmers gain wealth and buy more assets the longer they work with Tony's Open Chain.

In Côte d'Ivoire, the average number of basic assets²⁰ owned by cocoa farmers increased significantly from 2019 to 2023 (from 3.3 to 3.9 assets). This increase was driven primarily by increased ownership of gas stoves, with a small but consistent increase in ownership of motorcycles, TVs and fridges as well. Younger cocoa farmers and those with higher levels of education tended to gain more assets. No similar trend was observed in Ghana.

Access to finance increased over time in both Côte d'Ivoire and Ghana.

Linked to the increase in wealth and assets, cocoa farmers also increased their access to finance the longer they were in Tony's Open Chain. Between 2019 and 2023, the percentage of cocoa farmers with bank accounts increased from 14% to 25% in Côte d'Ivoire and from 44% to 58% in Ghana. Cocoa farmers in newly joined cooperatives were less likely to have a bank account than those in established partner cooperatives. In both countries, MPI non-poor cocoa farmers are more

likely to have bank accounts than MPI-poor cocoa farmers. MPI-poverty decreased in Côte d'Ivoire the longer cocoa farmers were in Tony's Open Chain.

The percentage of cocoa farmers classified as 'MPI-poor' fluctuated across the five-year study period. Although no consistent trend was observed in Ghana, there was an 8% decrease in the percentage of MPI-poor cocoa farmers in Côte d'Ivoire from 2019 to 2023 (from 46% to 38%).

Between 2019 and 2023, the percentage of cocoa farmers classified as deprived on the indicators of sanitation and water access decreased as follows:

- Sanitation: from 71% to 65% in Côte d'Ivoire and 86% to 65% in Ghana.
- Water access: from 38% to 25% in Côte d'Ivoire and 31% to 17% in Ghana.

Despite these promising trends, we continue to see suffering across the board, demonstrating that it takes time to address the root cause – poverty – of the issues we are tackling. It also takes time to understand the cocoa farmers' circumstances to be able to achieve the ultimate future goal of not only enabling a living income but moving beyond, towards a world where cocoa farmers are able to earn a prosperous income. This can only be achieved together with more Mission Allies joining Tony's Open Chain.

²⁰ Within the Multidimensional Poverty Index, a lack of basic modern assets such as radios, TVs, telephones, computers, bikes, motorbikes, etc. is a key indicator of poverty.

2.3 Climate shocks & the impacts on cocoa productivity

In Ghana and Côte d'Ivoire, cocoa farmers and ecosystems are feeling the effects of climate change. Longer dry seasons and rising temperatures are putting pressure on cocoa farmers who aren't earning enough to cope with these challenges. Progress towards more environmentally sustainable cocoa production requires collaboration across industry actors, innovation of existing approaches and adaptability to these changing weather patterns.

Tony's Open Chain aims to support West African cocoa farmers, preserve ecological balance and secure cocoa's future. To better understand production losses and the extent to which cocoa farmers' incomes have been affected by climate change, Tony's Open Chain commissioned Wageningen University & Research to conduct a high-level assessment of productivity trends, overall production and the potential effects of climate change on these trends in Côte d'Ivoire and Ghana.

Key findings from the study are presented below. For more detail see [the full report](#).

Resilience through our 5 Sourcing Principles

According to ICCO estimates, 2023/24 production decreased by 20% in Côte d'Ivoire and 11% in Ghana, with around 25% less cocoa exported from both

countries.²¹ The research case study showed that our top-performing partner cooperative saw only an 11.4% decline in average yields, highlighting the resilience achieved by implementing our 5 Sourcing Principles and productivity programmes. Top-performing cocoa farmers, benefitting from higher prices and long-term partnerships, proved more resilient to climate impacts than their lower-performing peers.

The average decline in production and productivity from 2022/23 to 2023/24 was greater than in previous seasons.

Unpredictable weather is common, but the exceptionally heavy rains in June and July significantly contributed to production losses in the 2023/24 season. The rains increased humidity, spreading pests, like black pod disease, and caused cocoa flowers to fall, potentially triggering tree stress that killed some fruit. Additionally, the spread of the swollen shoot virus worsened the situation. These combined factors led to irrecoverable losses, affecting all producers regardless of their farming practices.

On average, cocoa farmers reportedly suffered revenue losses due to production decline in the 2023/24 season.

The extent of the loss is not known but likely varies per household, depending on income diversification and production impact. Many cocoa farmers have taken out loans to cover basic needs like education, healthcare and food. Additionally, input costs, especially fertiliser, remain high since spiking after the Ukraine war.²²

Climatic variability in West Africa complicates cocoa suitability predictions, but scientists agree that temperatures will continue to rise.

From 1990 to 2015, climate predictions for West Africa's rainforest remained uncertain due to its high climate variability.²³ Côte d'Ivoire's eastern forest belt, suitable for cocoa back in the 1960s, became unsuitable by the 1990s, though this decline slowed and even reversed between 2005 and 2015.²⁴

Cocoa farming households are unlikely to have the ability to withstand or absorb potentially occurring shocks.

Cocoa-producing households with high vulnerability and low resilience are unlikely to withstand or recover from market or politically volatile shocks, especially in the short and medium term.²⁵ Although the study that reached this conclusion did not address weather-related shocks specifically, farmers' heavy reliance on cocoa income combined with low resilience indicates that significant climate shocks would severely impact household incomes.

Good Agricultural Practices (GAP) can improve yields and reduce deforestation. However, successful implementation requires addressing underlying barriers.

Since the mid-2000s, various sustainability programmes have focussed on training in GAPs, which promise increased productivity, incomes, and reduced environmental degradation. These programmes had 'mixed and modest' impacts on cocoa productivity and incomes.²⁶ GAPs can enhance economic and environmental outcomes if key structural challenges, like return-on-investment uncertainty, are addressed.²⁷

²¹ Glauber, J.W., and Mamun, A. "Global cocoa market sees steep price rise amid supply shortfall", IFPRI Blog, April 2024

²² Afreximbank, "Implications of current cocoa price hikes on African trade and Macroeconomic performance", ACBF, 2024

²³ Brown, O., and Crawford, A. Assessing the security implications of climate change for West Africa: country case studies of Ghana and Burkina Faso. International Institute for Sustainable Development, 2008

²⁴ Schroth, G., Läderach, P., Martinez-Valle, A.I., Bunn, C., and Jassogne, L. "Vulnerability to climate change of cocoa in West Africa: Patterns, opportunities and limits to adaptation."

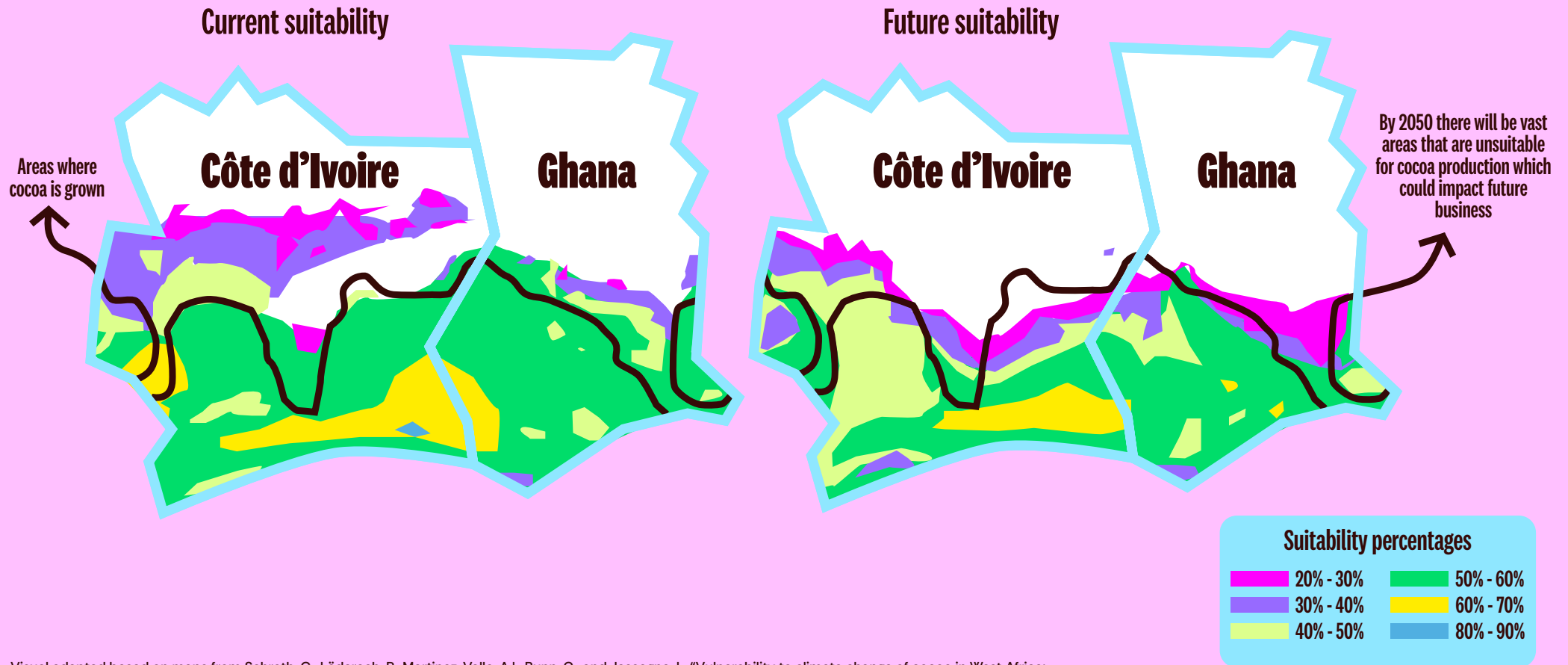
Science of The Total Environment, Wageningen Economic Research Report 2024-135 | 31 556, 2016, pp.231-241

²⁵ Thompson, W.J., Blaser-Hut, W., Joerin, J., Krütli, P., Dawoe E., Kopainsky, B., Chavez, E., Garrett, R.D., Six, J. "Can sustainability certification enhance the climate resilience of smallholder farmers? The case of Ghanaian cocoa", Journal of Land Use Science, 17(9), 2022, pp. 407-428.

²⁶ Ingram, V., Van Rijn, F., Waarts, Y. and Gilhuis, H. "The Impacts of Cocoa Sustainability Initiatives in West Africa", Sustainability, 10, 4249, 2022.

²⁷ Ibid

Prediction of cocoa suitability trends



Visual adapted based on maps from Schroth, G., Läderach, P., Martinez-Valle, A.I., Bunn, C., and Jassogne, L. "Vulnerability to climate change of cocoa in West Africa: Patterns, opportunities and limits to adaptation." Science of The Total Environment, Wageningen Economic Research Report 2024-135, 2016

Further building farmer resilience

Paying a higher price over time creates a strong incentive for cocoa farmers to invest in their farms, increasing their productivity over time, ultimately boosting household incomes and providing more economic stability (See chapter 2.2 on living income for more). We also support our partner cooperatives with productivity programmes to ensure these investments have the greatest impact on increasing yields and enhancing their farms' resilience.

In 2023/24, we continued our focus on supporting partner cooperatives to set up coaching for cocoa farmers. Partner cooperatives assign a coach to collaborate with the farmer to develop an individual farm development plan. Data from these assessments provide partner cooperatives with critical insights into the needs for seedlings, fertilisers, shade trees, pruning and replanting, enabling bulk purchases at lower costs, thus improving cost efficiency for all cocoa farmers.

Further, labour brigades organised by the partner cooperatives often carry out pruning activities to maintain the health of the farmers' cocoa trees, a crucial activity towards enabling cocoa farmers to achieve higher yields. In 2024/25, we aim to focus on increasing cocoa farmers' resilience to climate shocks through implementing projects like Climate42's innovative FarmSmarter application, combining agronomy and climatology to optimise decision-making for cocoa farmers.



Photo by: Jeu de Société. Amanikro, 2023. © Clara Watt

2.4 Environment & forests

By 2050, large areas of Côte d'Ivoire and Ghana are expected to become unsuitable for cocoa cultivation – a crop that has long been a leading cause of deforestation in these regions. Tony's Open Chain recognises that achieving sustainable business practices for both people and the planet requires an integrated approach to forest protection.

Deforestation-free cocoa: EUDR & more

The European Union Deforestation Regulation (EUDR) constitutes a key element of the European Green Deal, a wide-ranging programme of EU policies and legislation aligned with the EU's goal of reaching net zero emissions by 2050 and restoring

biodiversity and ecosystems. The regulation applies to companies trading specific products, including cocoa, cattle, palm oil, rubber, soy and wood.

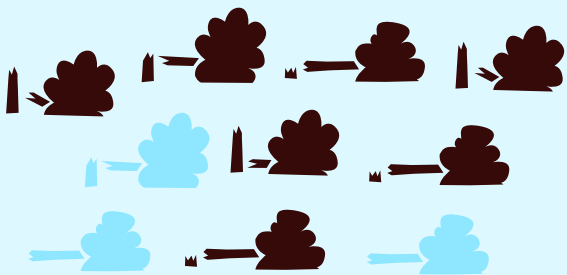
Under the EUDR, any company that places or trades any of these products on the EU market or exports them from the EU must meet the two key requirements of the regulation, which are that the products must be both:

- 1. Free from deforestation (after December 31, 2020)
- 2. Produced in accordance with the laws of the country of production.

Initially, large companies had 18 months to comply, but after intense lobbying from industry and some producing countries, the European Commission proposed to delay the implementation by another 12 months. The new deadline is December 30, 2025, while small and micro firms have until June 30, 2026.

What we worked on together with our partner cooperatives in 2023/24	What we tested on a smaller scale in 2023/24	What is to come in 2024/25
100% of farms at all partner cooperatives were GPS polygon-mapped	We are in the process of identifying which natural alternatives to agrochemicals are available and gauging cocoa farmers' interest in using them	We continue to be committed to achieving 100% environmental traceability; we aim to go beyond EUDR requirements by monitoring deforestation not only within our farms but also within a 500m radius to identify at-risk areas near protected zones; we will also conduct seasonal ground truthing
99.95% of Tony's Open Chain's supply chain was verified deforestation-free	Our partner cooperative Asunafo is piloting Dynamic Agroforestry Techniques through the Ghana Agriculture for Impact project (GAIM)	We plan to survey farms in Côte d'Ivoire and Ghana to assess agroforestry levels and develop a comprehensive strategy while also exploring methods to value and preserve on-farm carbon in the upcoming seasons

What happens if we don't stop deforestation in cocoa?



For every 10 trees cut down, 3 of them are because of cocoa



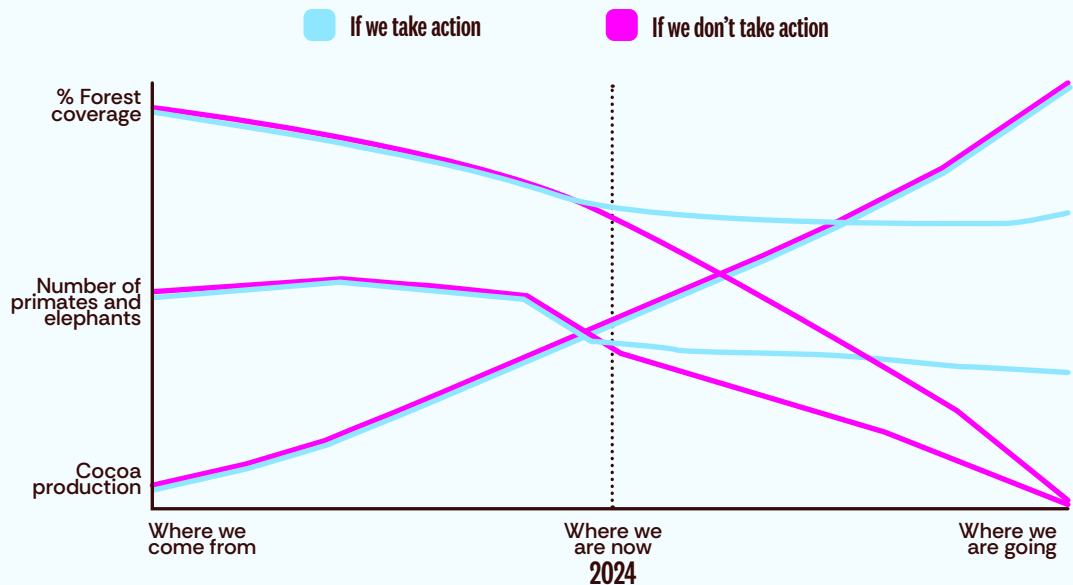
...extreme weather



...increased emissions



...loss of biodiversity



If cocoa production continues to increase without us taking action to stop deforestation...

If we take action to stop deforestation in the cocoa sector...

... we can prevent further rapid decline in % of forest coverage...

... and primates and elephants

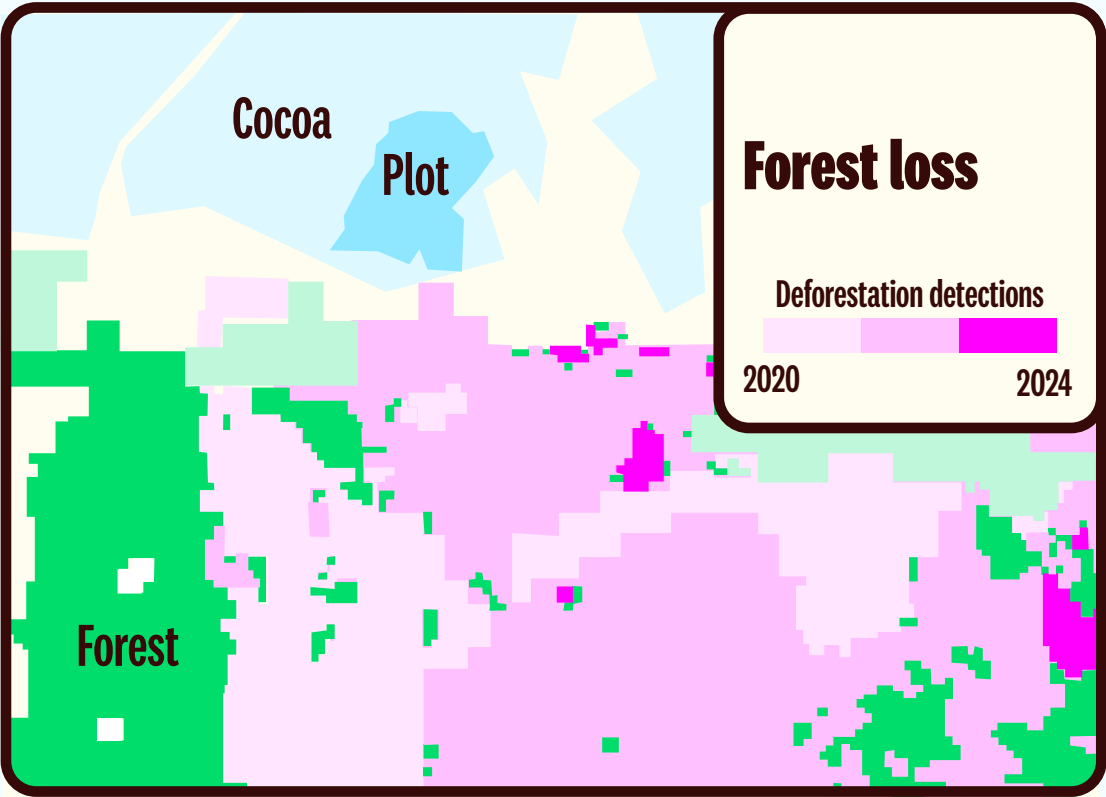
... the % of forest coverage, and the number of primates and elephants will continue to decline

Tony's Open Chain is committed to ensuring deforestation-free cocoa and has already aligned its supply chain practices with the requirements of the upcoming EUDR. Using GPS polygon mapping data, our BeanTracker for full traceability and Satelligence's monthly deforestation risk monitoring, our systems are set up to prevent the sourcing of cocoa from deforested land as of the cutoff date of December 31, 2020.

Tony's Open Chain does not source from any farms that overlap with protected areas and actively supports all partner cooperatives to implement EUDR requirements. This includes annual audits, providing training and support, sharing full data sets transparently before each season, and helping partner cooperatives to interpret risk assessments, set up alerts

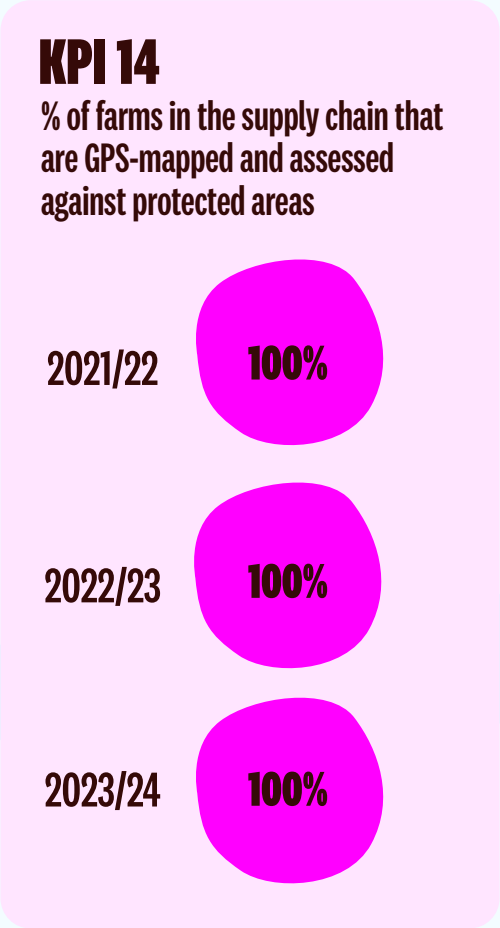
and implement prevention and remediation measures based on findings. The partner cooperatives own the data, which is critical to Tony's Open Chain's cooperative-centric approach. In this way, Tony's Open Chain goes beyond basic compliance by supporting partner cooperatives to prevent non-compliant products from entering the supply chain.

This year's Satelligence deforestation risk analysis showed that out of the 26,550 farms in scope in 2023/24, 14 farms were flagged for deforestation, meaning 99.95% of Tony's Open Chain's supply chain is verified deforestation-free. We aim to focus on the most pressing risk factors by monitoring farms that are



This image shows the methodology applied in Satelligence's platform, where cocoa plots have been assessed for deforestation risk since Dec. 31st, 2020.

Source: Satelligence



located close to protected areas. This means we will go beyond EUDR requirements by monitoring deforestation not only within our farms but also within a 500m radius to identify at-risk areas near protected zones. We will also conduct seasonal ground truthing.

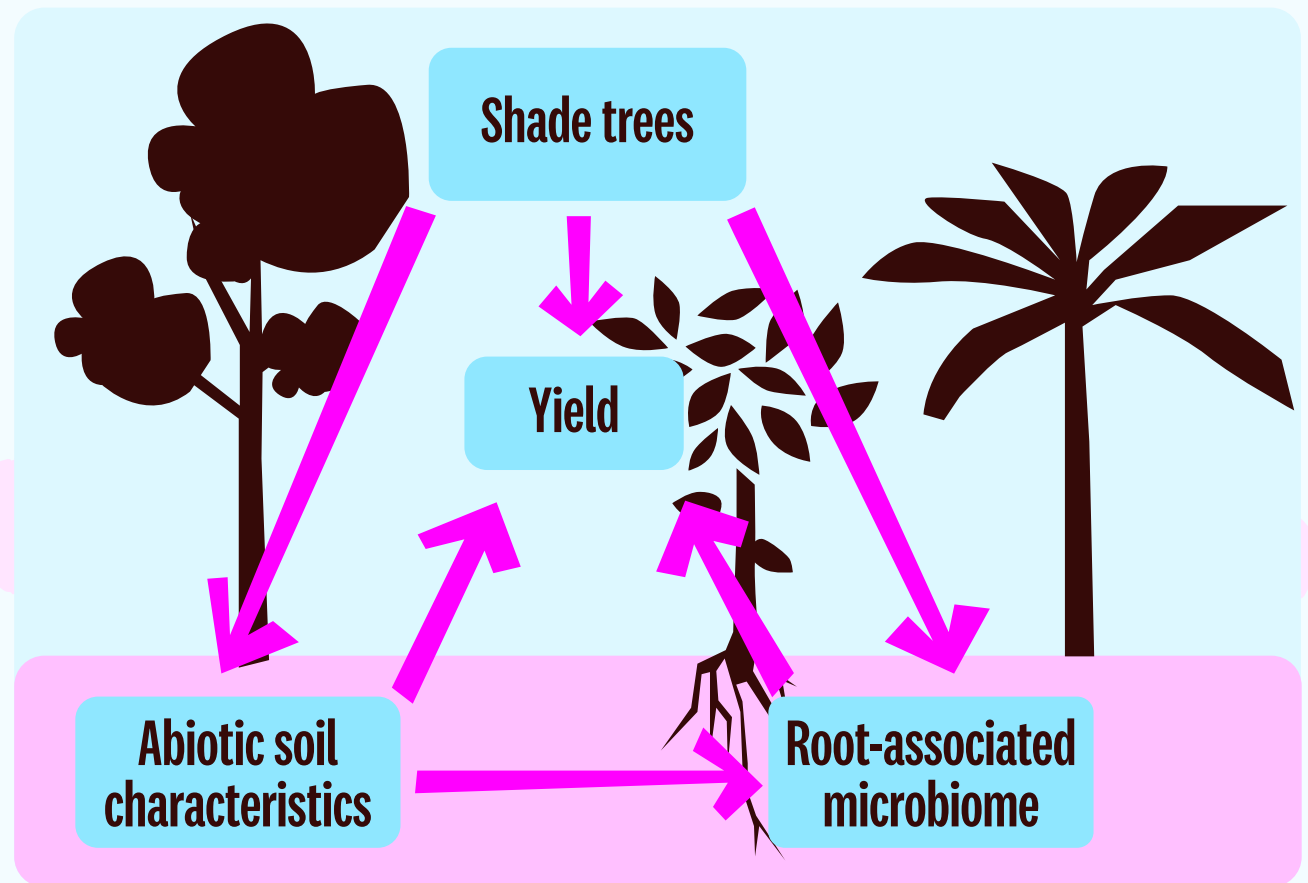
Agroforestry & biodiversity

Our partner farmers are trained to regularly harvest, prune and replace old or diseased cocoa trees, which is critical for preventing pests and fungal outbreaks. Tony's Open Chain's partner cooperatives in Ghana have also started providing training in Integrated Pest Management and soil fertility strategies.

Tony's Open Chain also focuses on promoting agroforestry practices to enhance biodiversity, shade coverage and overall farm health. Shade is an important factor in protecting cocoa trees. The introduction of shade trees helps to mimic natural growing conditions, ensures optimal spacing and lowers farm humidity. Tony's Open Chain aims to increase shade coverage by going beyond standard certifications like Rainforest Alliance and aligning with African regional standards as well.

Coaching programmes are executed by the partner cooperatives and include meeting cocoa farmers twice annually to review farm development progress. Specialised tasks, like high-branch pruning, are handled by labour brigades under cooperative supervision. We are currently looking into the scope of agroforestry activities in Côte d'Ivoire and Ghana. For 2024/25, we aim to assess agroforestry levels and develop a comprehensive strategy that might lead to parameter adjustments. However, for 2023/24, our farm development plans target the maintenance of:

- 15-30 shade trees per hectare with 30% crown coverage
- A minimum of 6 tree species per hectare, including 50% native species
- Free shade tree seedlings and planting assistance.



Having a wide variety of plant and tree species on farms invites a host of different birds, animals and insects to maintain a natural balance in the ecosystem and prevent pests and diseases from spreading exponentially. For this reason, farm development plans include a recommendation to select at least six different shade tree species.

In Ghana, our partner cooperative Asunafo is piloting Dynamic Agroforestry Techniques through the Ghana Agriculture for Impact project (GAIM). The GAIM project engages with 134 cocoa farmers to monitor the success

and failure rates of 5,500 newly planted trees, tracking species and geographic locations to evaluate biodiversity impact. The initiative is supported by training on natural crop protection from the Centre for Agriculture and Bioscience International (CABI).

Pesticides

Farms within Tony's Open Chain's supply chain use chemicals only when strictly necessary. As a baseline, all partner cooperatives adhere to Fairtrade and Rainforest Alliance standards, irrespective of their certification status. We monitor the presence of pests and diseases

through farm assessments and farm development plans, which are part of mandatory coaching for all farm(er)s. This includes coaching on the correct management of pesticides and fertilisers. Optimisation of biodiversity is a key approach in preventing the use of chemicals on cocoa farms, because maintaining a natural balance in the ecosystem prevents pests and diseases from spreading exponentially.

For tasks that require specific training or equipment, such as spraying agrochemicals or pruning cocoa trees, specialised labour groups are made available through centralised extension services organised by the partner cooperative. All labourers are required to wear adequate protective gear.

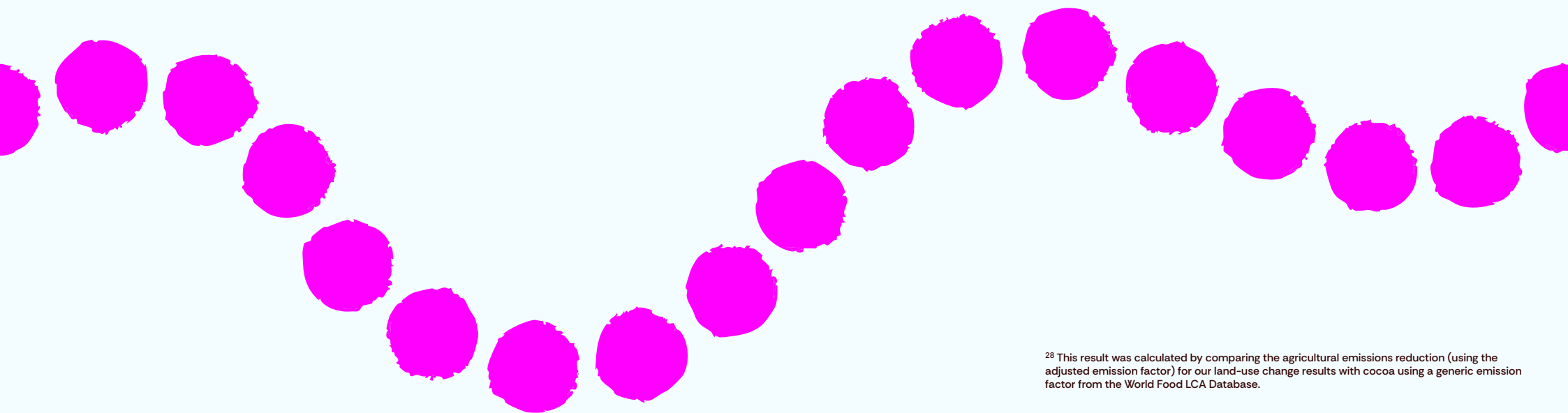
Tony's Open Chain is part of ICI's Expert Working Group on Protecting Children from Pesticides, which emphasises the importance of monitoring safe pesticide use and avoiding harmful synthetic pesticides. If legally working minors are found using pesticides on farms supplying Tony's Open Chain, households receive education on the risks and remediation support, such as labour assistance through community service groups to enable safe spraying. Additionally, community awareness about the dangers of agrochemical spraying is raised during key moments in the cocoa season. The goal is to protect all children and farmers in the cocoa supply chain from hazardous agrochemicals, ensuring that pesticide application is carried out exclusively by adults using appropriate personal protective equipment. We are in the process of identifying which officially registered and legally permitted natural alternatives to agrochemicals are available while also gauging cocoa farmers' interest in using them. Where natural crop protection is available, we sensitise and promote this approach to partner cooperatives and cocoa farmers.

Carbon emissions from cocoa

Carbon emissions from cocoa production primarily come from land use changes, such as the conversion of forests into cocoa plantations.

Benchmarking against generic emission factor data from the World Food LCA database for the 2021/22 season showed that cocoa sourced via Tony's Open Chain had 95% and 87% lower emissions in Côte d'Ivoire and Ghana, respectively, compared to the regional average for cocoa production.²⁸ This is primarily the result of our work against deforestation, as well as supporting the annual planting of thousands of shade trees to lower farm temperatures and boost biodiversity and cocoa productivity.

Looking ahead, we will enhance on-farm activities like shade tree planting and composting to cut emissions further. Our commitment to 100% supply chain traceability and land use monitoring will continue. Via Tony's Chocolonely, we aim to explore ways to create on-farm value by sequestering carbon at the farm level, whilst making cocoa farmers more climate resilient.



²⁸ This result was calculated by comparing the agricultural emissions reduction (using the adjusted emission factor) for our land-use change results with cocoa using a generic emission factor from the World Food LCA Database.

2.5 Human rights

The 2011 UN Guiding Principles for Business and Human Rights²⁹ and the OECD Guidelines for Multinational Enterprises³⁰ both stress that businesses must conduct due diligence on human rights risks. This involves identifying, preventing, mitigating and addressing their human rights impacts, as well as providing remediation for any harm they cause or contribute to.

Tony's Open Chain adopts a comprehensive human rights approach, with a key focus on normative change and awareness-raising to ensure systemic changes in attitudes towards child labour and other human rights violations. This approach is underpinned by an emphasis on gender, ensuring that community facilitators, who play a crucial role in uncovering and resolving these cases, are equipped to address the specific circumstances faced by boys and girls in the context of child labour. The human rights approach also includes robust mechanisms for preventing forced labour, addressing grievances and providing mediation where necessary.

What we worked on in 2023/24	What we tested on a smaller scale in 2023/24	What is to come in 2024/25
We continued to close more child labour cases year-over-year, thereby driving the prevalence rate at harvesting partner cooperatives down to 3.9%	We conducted a remediation effectiveness study with specific conclusions for Côte d'Ivoire and Ghana	We aim to visit 80% of households in the first 6 months of the season (the remaining 20% to follow in the following 6 months) to enable timely remediation of any child labour cases found
We set up Human Rights Committees at all partner cooperatives to protect the most vulnerable workers in our supply chain	We zoomed in on long-term partner cooperative Kapatchiva with a case study on forced labour and distilled best practices for all partner cooperatives	We expect the number of new child labour cases to rise significantly in 2024/25 due to the 8 new partner cooperatives being onboarded
We harmonised our approach to child labour across Côte d'Ivoire and Ghana, involving knowledge exchange and sharing learnings and common challenges, thereby fostering collaboration among partner cooperatives and encouraging peer support		

²⁹ United Nations, Human Rights Office of the High Commissioner, "Guiding Principles on Business and Human Rights", 2011
³⁰ The Organisation for Economic Cooperation and Development, "Guidelines for Multinational Enterprises", 2011

What is child labour?

Children fall in different age groups



5-13 years

Children below the minimum age specified for light work.



14-15 years

Children within the age range specified for light work.



16-17 years

Children at or above the minimum working age.

There is child work...

Light work

Refers to light and safe tasks for limited hours that do not interfere with schooling.

Regular work

Refers to tasks for limited hours that do not interfere with schooling.

...and then there's child labour

Hazardous child labour

Refers to employment in designated dangerous industries and occupations, night work in any industry and occupation, unpaid household services for long hours, unsafe equipment, as well as dangerous working conditions.

Other worst forms of child labour

Refers to children trafficked for work, forced and bonded child labour, commercial sexual exploitation of children, use of children for illicit activities and armed conflict.

	5-13 years	14-15 years	16-17 years
Light work	✗	●	●
Regular work	✗	✗	●
Hazardous child labour	✗	✗	✗
Other worst forms of child labour	✗	✗	✗

● What's legal
✗ What's illegal

Source: International Labour Organisation (ILO) standards as applied at national level in Ghana and Côte d'Ivoire.

Children's rights are human rights

Many children in West Africa work on cocoa farms as a result of poverty; many cocoa-farming parents can't afford to hire labour or send their kids to school. Tony's Open Chain emphasises children's rights, including protecting them from harm, providing access to resources and promoting participation in decisions affecting their lives. These rights, outlined in the UN Convention on the Rights of the Child³¹, are crucial for ensuring children's well-being, promoting social justice and reducing inequality.

“Every child is entitled to a quality education, which serves as a foundation for a brighter future.”

Maame Ababio, Human Rights and Community Development Lead for Tony's Open Chain in Ghana

³¹ United Nations, Human Rights Office of the High Commissioner, “Convention on the Rights of the Child”, 1989



Photo by: © Fabrice Mbonankira

Child Labour Monitoring & Remediation System: social traceability

The Child Labour Monitoring and Remediation System (CLMRS), initiated by the International Labour Organisation's (ILO) Programme on the Elimination of Child Labour³², and later adapted for the cocoa industry by the International Cocoa Initiative (ICI)³³ and Nestlé, is a valuable tool for providing social traceability and addressing child labour in cocoa supply chains. The tool provides a means of identifying cases of child labour, providing support and tracking follow-up visits, with the goal of aligning with national systems for a comprehensive approach to child protection in cocoa-growing areas.

As more companies develop their own CLMRS or equivalent systems, it is vital to establish common definitions, standards and benchmarks, and improve coordination as the term 'CLMRS' gains broader use. A credible CLMRS depends on a company's willingness to disclose the following key metrics³⁴:

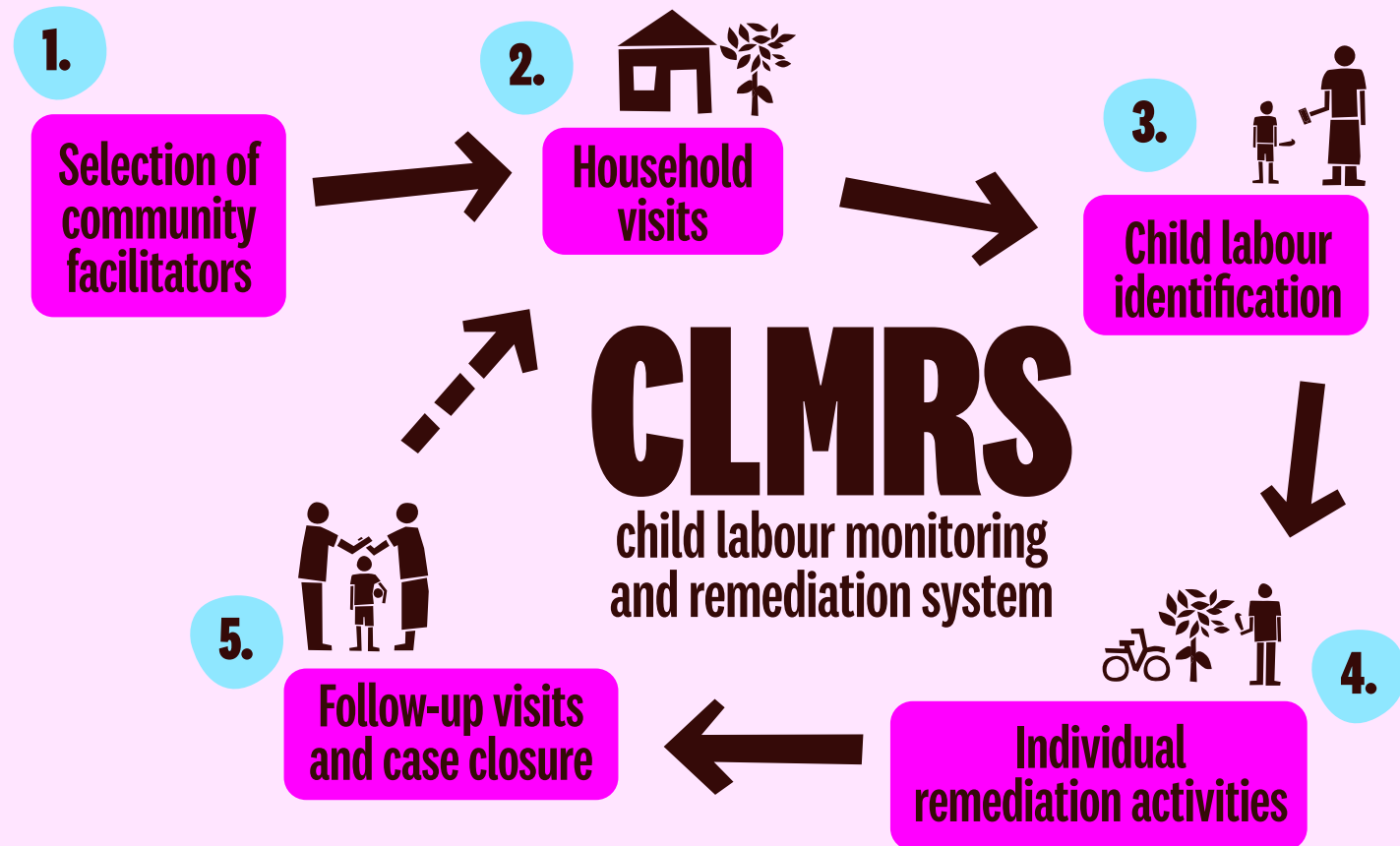
- Total number of households covered (both in absolute figures and as a percentage of overall sourcing)
- Total number of children involved (both in absolute numbers and as a percentage of total sourcing)
- Total count of identified child labour cases, including the worst forms
- Number of children who are no longer engaged in child labour after two consecutive follow-up visits
- Detailed insights into the types of support provided to address child labour

³² International Labour Organisation, "The International Programme on the Elimination of Child Labour (IPEC)", web, accessed December 2024
³³ International Cocoa Initiative, web, accessed December 2024
³⁴ Fountain, Antonie C., Huetz-Adams, Friedel, "Cocoa Barometer 2022", 2022, p. 61
³⁵ All data is recorded in ICI's CLMRS database. Data collected, stored and shared in the context of the CLMRS project is treated in conformity with all relevant data protection regulations in Côte d'Ivoire, Ghana, Switzerland and the European Union.

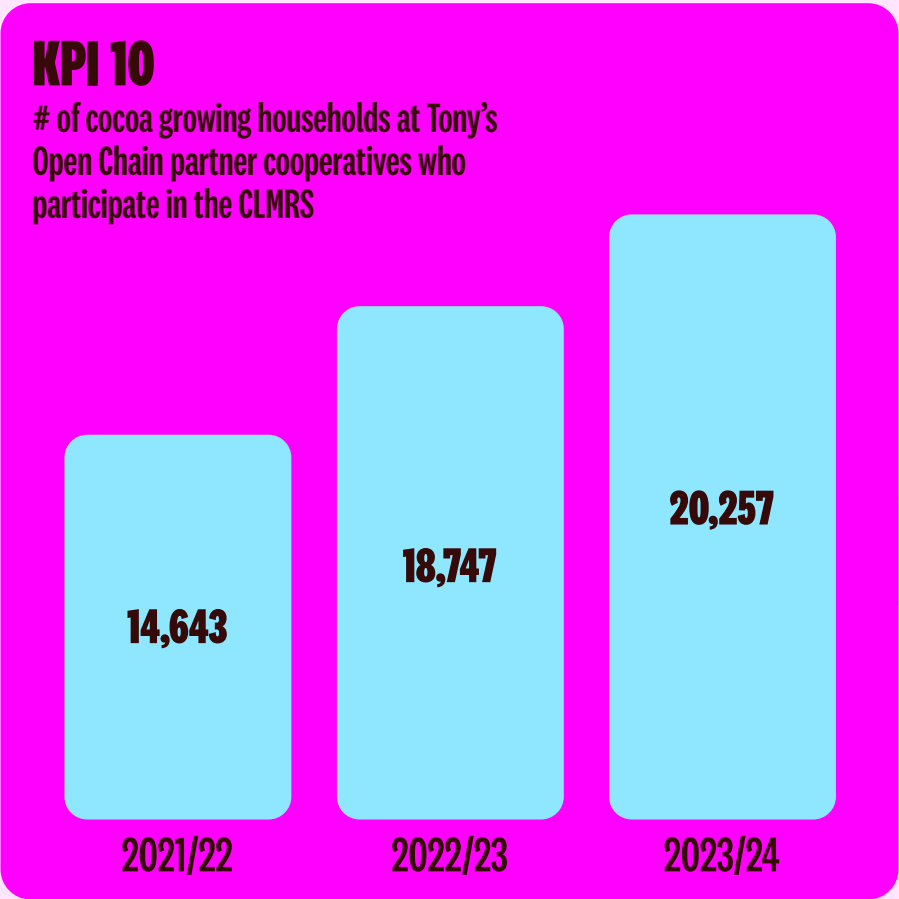
The difference between...	...other CLMRS (or equivalent versions)	...and Tony's Open Chain's CLMRS
Supply chain coverage	Unclear targets, often only covering communities in the scope of sustainability programmes	We aim to cover 100% of farmer households delivering to Tony's Open Chain (in 2023/24, we reached 98%)
Household visit frequency	Visits are less frequent than annual and often irregular	Systemic and annual visits to every household complemented by additional household visits for at-risk households
Implementation responsibility	Typically funded and executed by part-time teams recruited by cocoa traders	Partner cooperatives are fully responsible for the CLMRS and Tony's Open Chain funds its implementation through the cooperative fee
Data ownership	Data generally managed by external entities, such as cocoa traders	Partner cooperatives have ownership over their CLMRS data ³⁵
Community facilitators	Usually part-time staff or trader-recruited teams, not necessarily with a connection to the communities	Recruited by partner cooperatives, rooted in the local farming communities fostering peer-to-peer engagement; focus on age and gender balance
Awareness-raising activities	Awareness-raising activities vary; less frequent and typically not community-led	Led by Tony's Open Chain Ambassadors; monthly community events and storytelling sessions
Remediation activity planning	Annual to semi-annual basis; without direct involvement of the cooperatives	Quarterly basis; led by partner cooperatives

Tony's Open Chain's CLMRS

- 1. Selection of community facilitators:** Gender- and age-balanced community members committed to child protection are recruited by the partner cooperatives.
- 2. Household visits:** Facilitators conduct annual visits to discuss child labour activities (based on national legislation and in line with ILO standards) with families, survey all children under 18 and collect data via a mobile app. Unannounced farm visits are also conducted for additional monitoring.
- 3. Child labour identification:** 95% of cases are identified through open conversations with children and their families. Facilitators immediately conduct a needs assessment to identify the appropriate remediation support and validate their data with the Monitoring and Remediation Agent at the partner cooperative.
- 4. Remediation activities:** Remediation is coordinated by the partner cooperatives and may include providing birth certificates, school kits or access to labour support.
- 5. Follow-up and case closure:** Facilitators conduct follow-up visits at three and six months to assess remediation effectiveness. If the child is not working during these visits, the case is closed, with annual monitoring continuing until the child turns 18.



For the 2023/24 season, farmer households supplying to Tony's Open Chain were 98% covered by CLMRS. The discrepancy between cocoa farmers supplying and those covered by CLMRS arises because we prioritise visiting farming households that supply to Tony's Open Chain, meaning operational traceability guides our social traceability. This leads to a stronger focus on active, delivering cocoa farmers rather than all partner cooperative members, however in case of last minute deliveries, we see a lag in communication between BeanTracker and CLMRS that we are addressing in 2024/25.



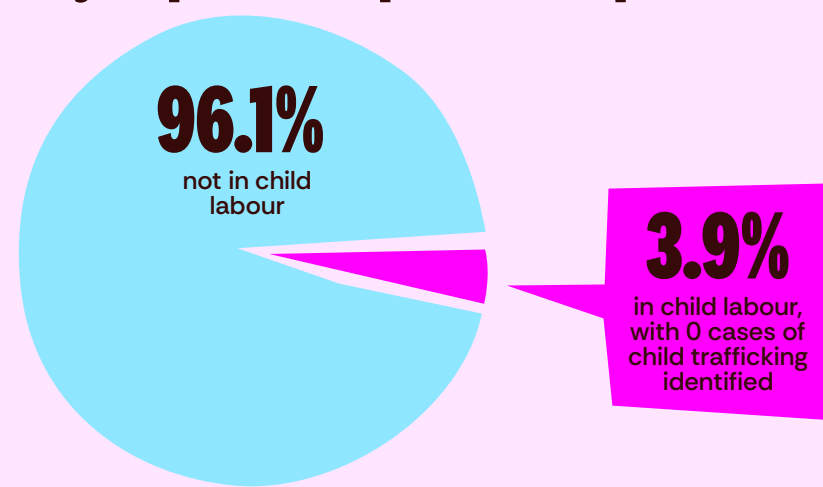
Understanding child labour cases

In 2022/23, we identified 1,072 cases of child labour in our supply chain. The number of cases rose in 2023/24 to 1,544 as fruiting partner cooperatives ramped up their CLMRS efforts.

Newer partner cooperatives face higher prevalence rates that are consistent with industry averages in their initial monitoring years. Combined with cases we are still working to close from previous seasons, there are currently 3,125 open cases in Tony's Open Chain's supply chain³⁶.

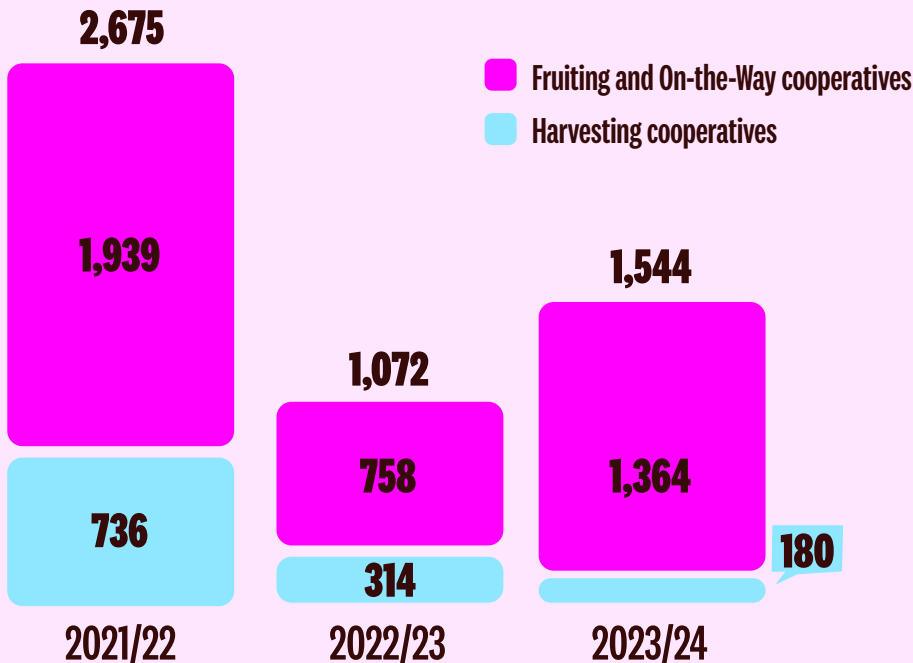
The prevalence rate development indicates that a significant reduction in child labour cases is observed as Tony's Open Chain continues collaborating with partner cooperatives over time. In 2022, the number of identified cases increased as household monitoring gained full momentum following the easing of COVID-19 restrictions. Tony's Open Chain expects the overall prevalence rate to rise again in 2024/25 with the addition of new partner cooperatives, as this will lead to roughly double the number of children in scope compared to 2023/24.

Child labour prevalence at longer term Tony's Open Chain partner cooperatives



KPI 11.1

of child labour cases detected at Tony's Open Chain partner cooperatives with the CLMRS

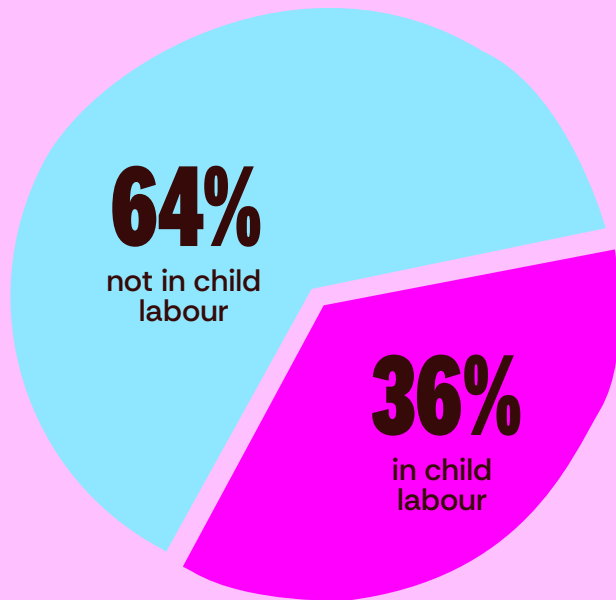


We cannot guarantee we found all cases of child labour. There is the unavoidable risk the CLMRS will not find all cases of child labour. This is because the community facilitators are not always able to visit every household each year, and some cases may go undetected during visits.

³⁶ NORC, "NORC Final Report: Assessing Progress in Reducing Child Labor in Cocoa Production in Cocoa Growing Areas of Côte d'Ivoire and Ghana", 2020

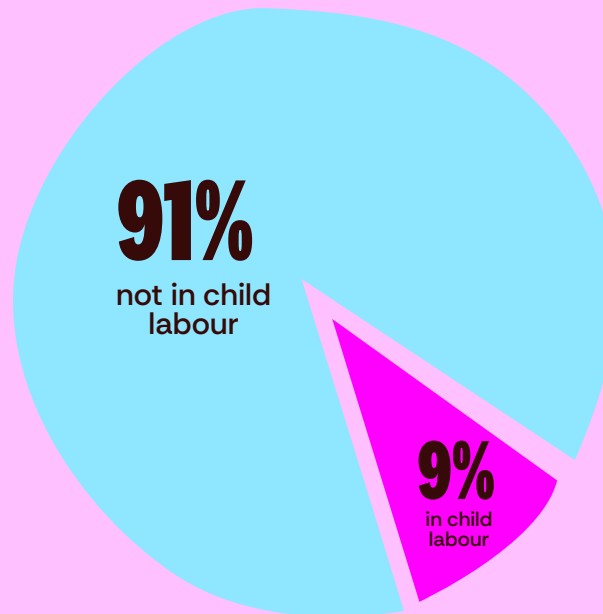
Fruiting cooperatives

Cooperatives that have entered into 5-year agreements with Tony's Open Chain and are making steps towards long-term impact by having implemented CLMRS



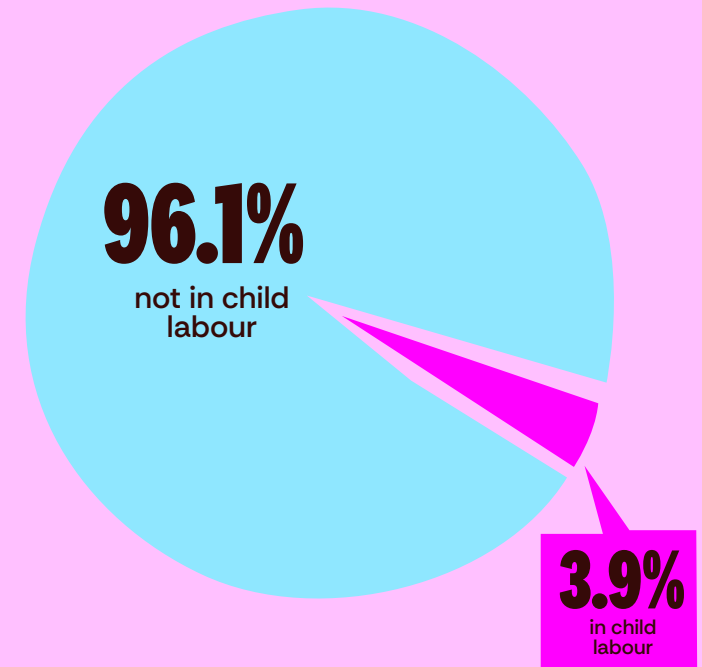
On-the-Way cooperatives

Cooperatives that are in a long-term agreement with Tony's Open Chain and are well underway towards achieving impact with CLMRS



Harvesting cooperatives

Long established Tony's Open Chain partner cooperatives that are CLMRS frontrunners in finding, remediating, as well as preventing child labour



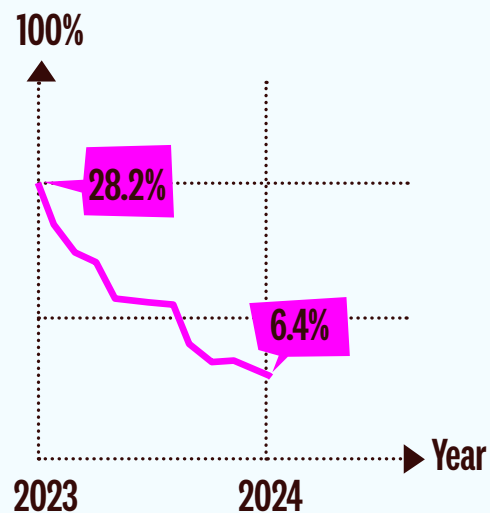
We expect prevalence rates at new cooperatives to be around 50%

Asunafo child labour prevalence case study

-21.8%

compared to
September 2023

Child labour prevalence at Asunafo dropped by 21.8% between September 2023 and September 2024.



Asunafo signed their first five-year partnership with Tony's Open Chain in the 2020/21 cocoa season, and initial data collection revealed high levels of child labour. The team of community facilitators at the partner cooperative worked hard to provide targeted awareness-raising and remediation support to families. These efforts drove the prevalence rate down to 6.4% since we started working with Asunafo.

“My parents now understand that the school will help me more than taking me to the farm to help them.”
Male child, Asunafo

“The awareness-raising has brought about a change in the behaviour of caregivers. Most of them were ignorant about child labour prior to the awareness-raising; their initial reactions told it all. But with time, we have witnessed a drastic reduction in their children's engagement in child labour due to the regular awareness-raising and monitoring.”

Asoma Saddick, CLMRS lead, Asunafo

“The support I received was complemented by awareness-raising and sensitisation on the effects of child labour and the different types of activities that can be classified as child labour.”

Caregiver, Asunafo

“The remediation interventions have been effective in eliminating child labour in my household because, through the awareness-raising, I have come to the realisation of the dangers hazardous activities pose to my children.”

Caregiver, Asunafo



Hazardous activity

57%
Heavy loads

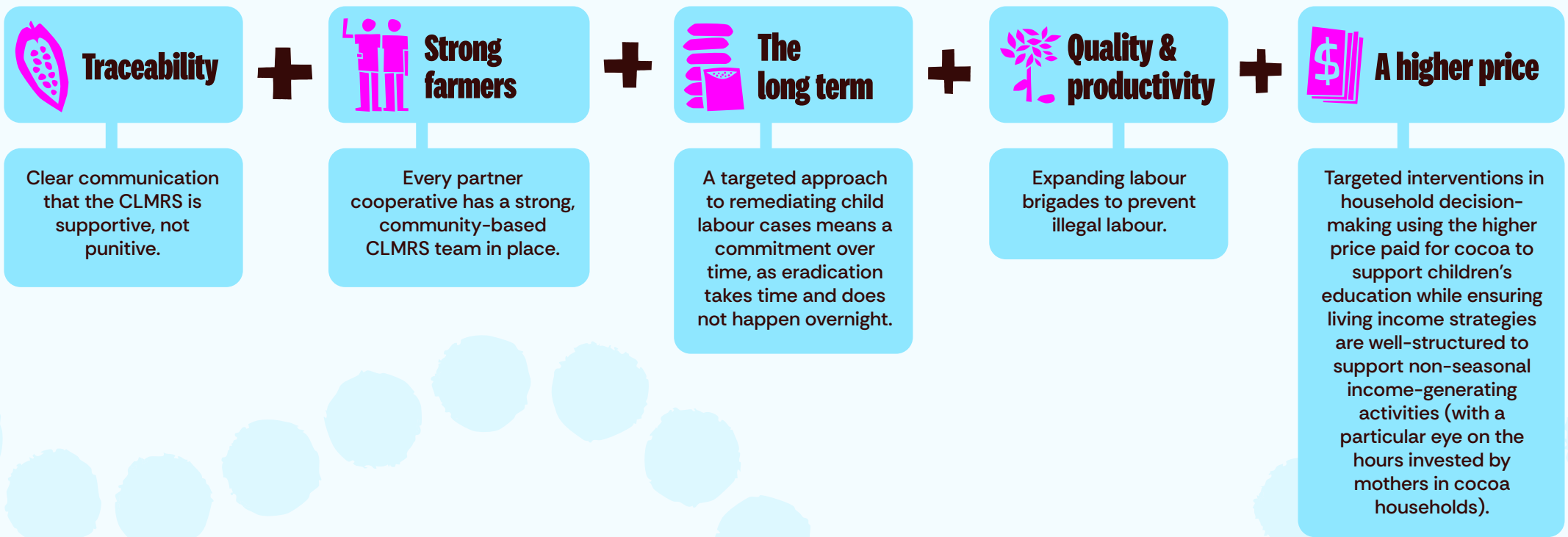
74%
Use of sharp
implements for
harvesting or
weeding

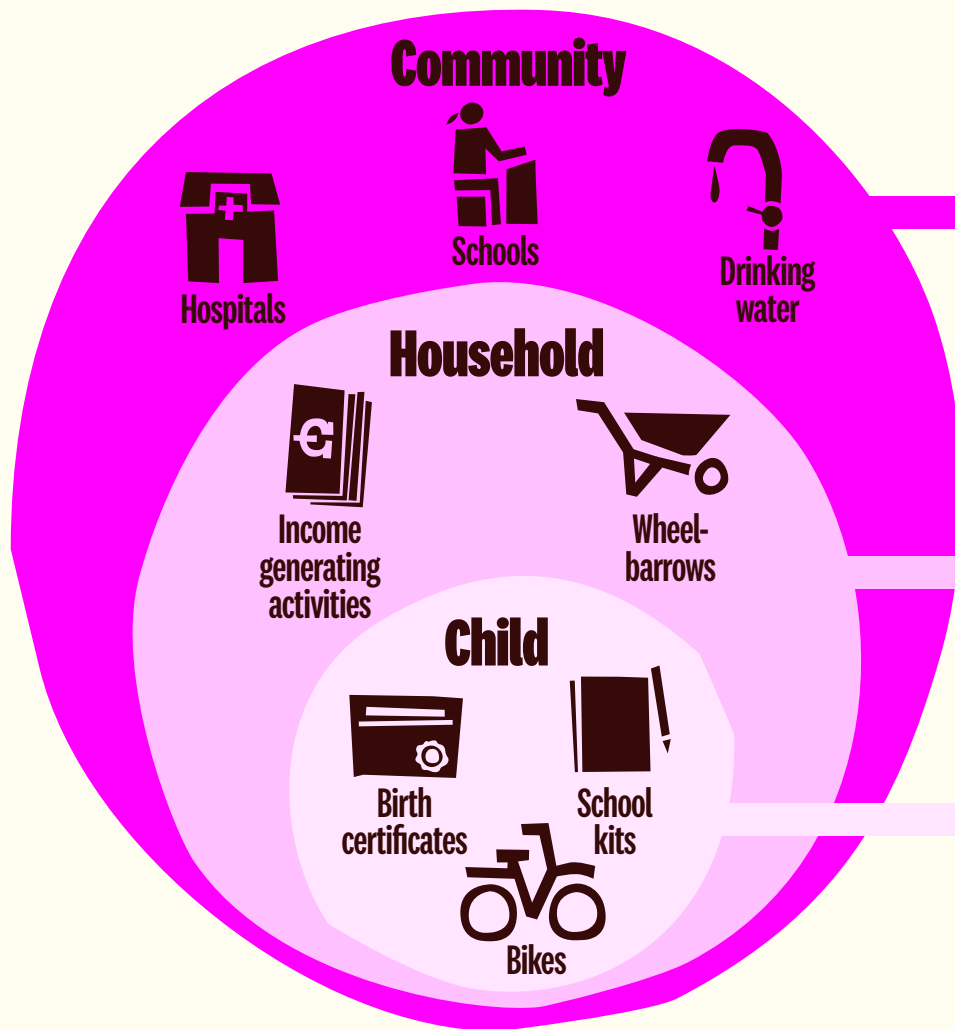
4%
Involvement with
manipulation of
agrochemicals

Children’s rights in the context of our 5 Sourcing Principles

While our 5 Sourcing Principles aim to create a more equal supply chain, several risks are associated with their implementation in regard to child labour. For example, monitoring without proper remediation measures can drive child labour underground, and shortages of adult labourers and rising prices may inadvertently increase child labour as farmers seek to boost yields.

How we mitigate risks:





At the community level, we partner with the Chocolonely Foundation (funded through 1% of Tony's Chocolonely's annual revenue), which is able to direct funds to improved infrastructure to support children, including providing accessible schools, convenient water sources and readily available healthcare facilities.

At the household level, families receive tools like wheelbarrows and safe cocoa pod openers to help older children safely contribute to family farming activities without heavy loads or sharp tools. Families with multiple children engaged in child labour may also get support for alternative income-generating activities, such as startup kits for animal rearing, bread or soap production, or tools and seeds for growing vegetables and fruits. These additional income sources allow families to hire labour for cocoa farming instead of relying on their children.

Support for individual children focuses on their reintegration into the education system. This includes helping them obtain birth certificates for school enrolment, providing school kits with essentials like notebooks, uniforms, shoes and bags, and supplying bicycles for those travelling long distances. Older children can access vocational training programmes where they receive training, a stipend, equipment for their chosen trade and placement in literacy and numeracy classes.

Closing child labour cases

Each child identified in child labour receives immediate support to ensure they permanently cease engaging in hazardous activities. Addressing child labour involves a comprehensive approach that addresses individual, household and community needs. A case is closed when a child is confirmed to no longer be involved in child labour, after being identified and receiving two follow-up visits – one after three months and another after six months. The child and caregivers confirm that the child is no longer working, and this can be validated by unannounced visits to the family farm and interviews with the local school to confirm attendance.

Several factors contribute to a lower prevalence rate, such as a decrease in new cases and the successful resolution of existing cases from the previous year, aided by investments in remediation. Tony's Open Chain continues to close more cases year-over-year.

“In the next few years, I hope to see all actors working together more collaboratively to advance the wellbeing of farmers, their children and their communities. Remediation efforts focused on individuals cannot be sustained without an enabling environment. Joint efforts should focus on strengthening access to basic services (education, water supply, health facilities, road accessibility, etc.). Tony's Open Chain is leading in this collaborative approach and I am proud to be a part of this. ”

Kandogona Ouattara, Human Rights and Community Development Officer for Tony's Open Chain in Côte d'Ivoire

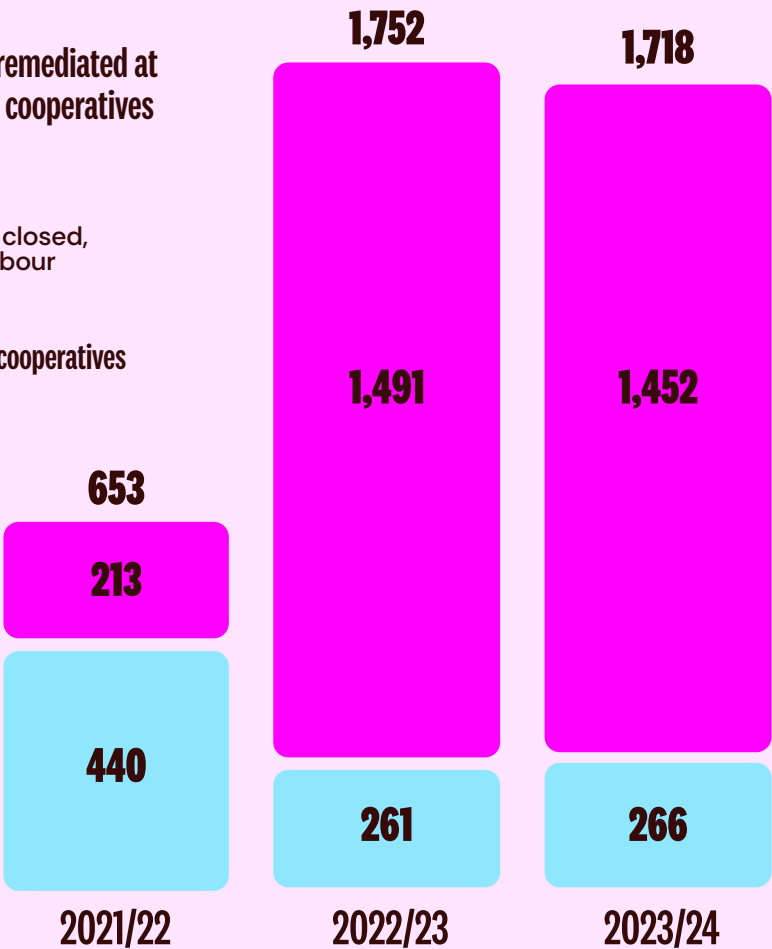


KPI 11.2

of cases of child labour remediated at Tony's Open Chain partner cooperatives with the CLMRS

Remediated case = case closed, the child is out of child labour

- Fruiting and On-The-Way cooperatives
- Harvesting cooperatives



We cannot guarantee we found all cases of child labour. There is the unavoidable risk the CLMRS will not find all cases of child labour. This is because the community facilitators are not always able to visit every household each year, and some cases may go undetected during visits.

Remediation effectiveness study

In 2023/24, Tony’s Open Chain engaged in independent research on its remediation interventions, with a focus on household satisfaction and cost-effectiveness.

The value of awareness-raising as a first-step remediation intervention was clear, with households reporting a significantly positive influence on their attitudes and practices. In the CLMRS process, household awareness-raising is conducted on the spot whenever a child labour case has been identified. This is complemented by the efforts of Tony’s Open Chain Ambassadors, who conduct community awareness-raising sessions on the hazards of child labour, as well as other child rights and human rights issues. Their prevention efforts include continuous education and organising events, such as public talks and gatherings, to raise awareness, celebrate successes and inspire parents and children alike. The study underlined that awareness is a highly effective and cost-efficient intervention in changing attitudes and practices related to child labour.

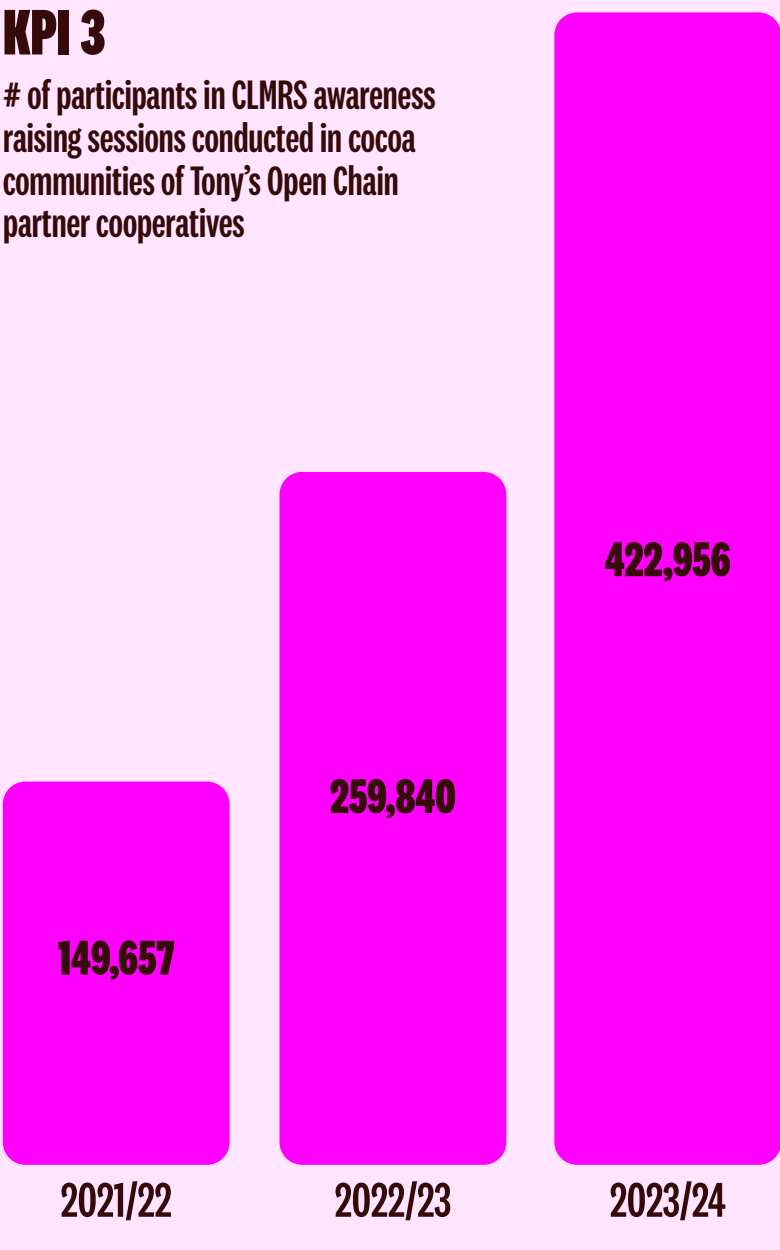
Access to subsidised adult labour was also found to be an effective remediation intervention, with an average of 77% of households in Ghana who received such support reporting a significant reduction in the demand for their own family’s labour, and half of households indicating that this support has led to a complete end to child labour on their farms. The provision of subsidised adult labour can effectively reduce children’s engagement in hazardous farming tasks, allowing them to focus on their education and development. Labour brigades have proven to be an effective intervention in reducing child labour and easing the labour burden on households in cocoa-growing communities. By providing subsidised

adult labour for farming tasks, cooperatives have enabled children to withdraw from hazardous work and increased their participation in education.

The study also drew attention to the need for increased access to such studies in order to maximise impact, which Tony’s Open Chain will work on with its partner cooperatives in the coming season.

KPI 3

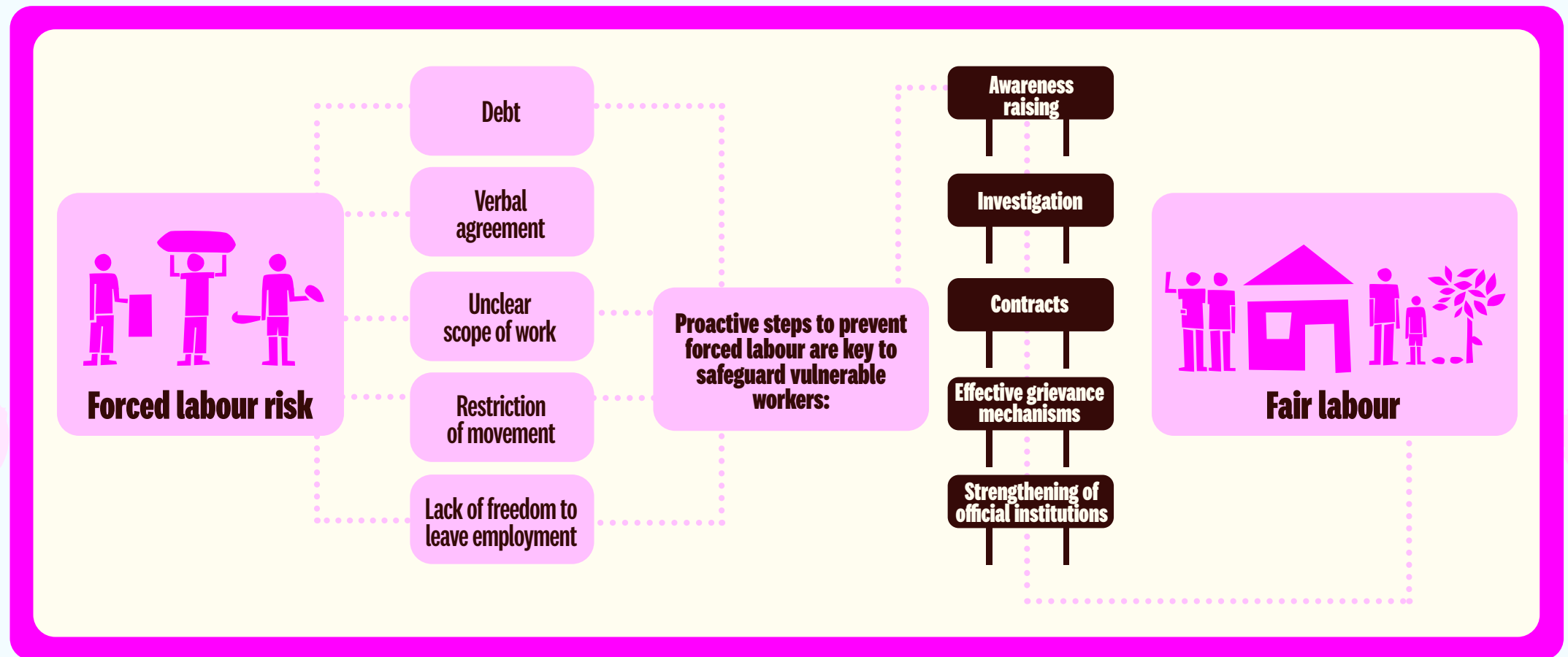
of participants in CLMRS awareness raising sessions conducted in cocoa communities of Tony’s Open Chain partner cooperatives





Forced labour

Forced labour is defined by the ILO as, 'all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily'.³⁷ We have never identified forced labour within our supply chain and we work closely with partner cooperatives to establish grievance mechanisms, update policies and implement prevention tools to protect vulnerable workers. Monitoring is embedded within existing cooperative teams, such as via farmer coaches and community facilitators who are already visiting farms and are trained on what to look out for and flag to the grievance committee at the cooperatives. Nothing came to our attention that would indicate the existence of forced labour cases in our supply chain, yet although no cases have been found, ongoing research over recent seasons, along with discussions with cooperatives, farmers and expert organisations, consistently highlights the need to take proactive preventative steps. This is crucial for safeguarding vulnerable workers who may be at risk.



³⁷ International Labour Organisation, "Forced Labour Convention, 1930 (No. 29)", Article 2.1, web, accessed December 2024

Knowledge, attitudes & practices study in Côte d'Ivoire

A study conducted by ICI on Tony's Open Chain's behalf in December 2023 aimed to evaluate the knowledge, attitudes and practices of farmers and their workers regarding labour practices and forced labour prior to implementing awareness-raising and preventive actions across all partner cooperatives. The survey included 555 respondents (487 farmers and 68 workers). Among these farmers, 86% were men with an average age of 49 and 14% were women with an average age of 53. Only 10% of the farmers had prior awareness of forced labour. All of the 68 workers surveyed were men with an average age of 41, and only 1 had received training on workers rights.

The main learnings were that there is a significant lack of understanding regarding forced labour, its risks and workers' rights among both farmers and workers, with nearly half of the respondents being unaware, highlighting a critical need for awareness-raising measures. Some attitudes, particularly around debt-repayment work, movement restrictions and the freedom to leave employment, emerged as concerning. As many as 15% of respondents felt that forced labour is authorised and legitimate. This acceptance, combined with a significant lack of awareness of the risks when workers cannot leave their jobs freely or owe their employers money, shows that farmers' and workers' vulnerability to exploitation must be closely monitored. With regard to other areas of potential labour exploitation, the reliance on verbal agreements, unplanned task assignments and matters related to job termination emerged as practices of particular concern. One of the outcomes is the set-up of Human Rights Committees. Additional next steps include sharing insights and discussing ways forward at a designated Forced Labour Learning Event, as well as conducting a follow-up assessment in Spring 2025.

Human Rights Committees

Human Rights Committees have been established and trained at all partner cooperatives to function as confidential grievance mechanisms for labour issues, such as forced labour. Every Human Rights Committee consists of a Community Facilitator, a delegate, a female leader, a cooperative staff member and a farmer member. The goal for 2023/24 was to ensure that all workers in Tony's Open Chain's supply chain had access to these grievance mechanisms. These committees are mandated to raise awareness of forced labour at both partner cooperative and community levels, handle grievances and refer serious labour rights violations to the appropriate government authorities when necessary.

In 2023/24, the committees finalised their work plans and priorities. In Côte d'Ivoire, training has since been completed at the partner cooperatives; continuous monitoring is being conducted. In Ghana, both community committees and partner cooperative committees were set up. The next steps include using findings from the Knowledge, Attitudes & Practices study to guide awareness-raising efforts and evaluating the effectiveness of these committees in the 2024/25 season.



Child trafficking

Child trafficking and forced labour are severe forms of child exploitation, distinct from child labour. Trafficking involves removing a child from their protective environment for exploitation, whether within a country or across borders. Although no cases have been identified in Tony's Open Chain's supply chain, these issues are increasing in cocoa-growing areas and exacerbated by economic vulnerabilities, organised smuggling networks and regional instability. Despite increased awareness and international efforts to combat trafficking, the issue persists, with significant progress still needed to address its root causes and enforce protective measures more effectively. To ensure that the cooperatives are well equipped to handle this risk, an extra training on child protection was provided to partner cooperatives this year in collaboration with our partner ICI.

The CLMRS system is also set up to identify cases of child trafficking and forced labour. Teams are trained to watch out for red flags, including, for example, children who are not living with any relatives. When identified, the system is set up to ensure that these children receive targeted follow-up from specially trained community facilitators.

In addition to this targeted follow-up on high-risk cases, Tony's Open Chain aims to go further in protecting children by contributing to structural improvements at national levels.

In Côte d'Ivoire, we are currently exploring the best partnership options with local organisations that have relevant expertise. Thanks to Tony's Chocolonely's continued support of the Chocolonely Foundation, funded projects include partnerships with the International Justice Mission in Ghana. These efforts are guided by principles of outsourcing based on expertise, aligning with existing projects (e.g., UNICEF, Fairtrade, ICI), and adopting a systemic approach focused on the rule of law and perpetrator accountability.

In Ghana, the International Justice Mission (IJM) will establish a hotline referral system for the Human Rights Committees at partner cooperatives to seek legal assistance and support in cases of child trafficking or forced labour. IJM will also work on strengthening justice systems by enhancing police and judicial capacity to enforce child trafficking laws and protect victims.

Women's rights

Tony's Open Chain consistently operates through a gender lens, ensuring that all activities account for the needs and experiences of more vulnerable groups, particularly women. Gender considerations are integrated into every aspect of our work, recognising the wide-reaching impact on individuals and cocoa communities.

To do this, we take a multi-faceted approach to promoting gender equality in the cocoa sector, recognising the need for both overarching strategies and targeted interventions. We have set a roadmap for achieving this goal, with a clear emphasis on achieving gender balance within cooperative teams and ensuring strong female representation at all levels.

Tony's Open Chain champions gender equity by proposing to give women 'an extra step up', and doing this in an inclusive manner. This commitment to equity involves ensuring that training and coaching are accessible to both men and women and addressing barriers faced by male and female community facilitators and coaches to ensure gender-balanced teams. This approach acknowledges the existing gender gap in the cocoa sector, where women often earn less, struggle to access education and training, lack a voice in decision-making and face greater challenges in achieving economic empowerment. We also ensure that our approach to the CLMRS is gender-aware, using age and gender data to tailor remediation interventions.

Core to our gender strategy is promoting women within our partner cooperatives, as this remains crucial for driving systemic change. In 2023/24, 26% of community facilitators in our partner cooperatives were women. We are targeting 40% growth over the course of 2024/25.

SUCCESSFULLY SCALING TONY'S OPEN CHAIN

What we achieved in 2023/24	What we tested on a smaller scale in 2023/24	What is to come in 2024/25
We onboarded 6 new Mission Allies, bringing us to 20 Mission Allies in total	We developed an auditing standard that actors across the supply chain can implement to prove their traceable processing procedures for Tony's Open Chain	We will be sourcing from 8 new partner cooperatives, thereby upping the portfolio of partner cooperatives to 19 in total
We increased the bean order book from 14,826 to 17,690 tons – that's a 19% increase	Partner cooperatives that we have been working with for several years acted as sounding boards and supporters of newer partner cooperatives	Bean orders already placed for next season are at 30,300 metric tons, which brings us closer to our target of 80,000 metric tons of West African beans by 2027/28
We successfully introduced the Bean-to-Machine model as a new processing option for Mission Allies		

3.1 Meet the Tony's Open Chain Mission Allies

As more and more Mission Allies sign on to Tony's Open Chain, the increased demand for beans drives greater impact within cocoa farming communities in West Africa. With 20 Mission Allies collaborating through Tony's Open Chain during the 2023/24 season, Tony's Open Chain is proving that this ethical and sustainable way of sourcing cocoa is replicable and scalable across the industry. Further, the broad range of Mission Allies joining – together with our three partner processors – is inspiring more businesses to collaborate on the mission of ending exploitation in cocoa together.

During the 2023/24 season, some highlights for existing Mission Allies included:

“This season at JOKOLADE has been all about getting even more people to choose fair chocolate - and having a blast doing it. With Joko leading the charge (and landing his face on the pack!), we gave our brand a full makeover with fun communication and packaging. We then took on the snack aisle with our new fair, salty and sweet chocolate-covered peanuts. Plus, we made sure you can find us in even more places, like dm Austria and Deutsche Bahn's onboard cafés. And if you think that's sweet, just wait - next season's going to be even better!”

JOKOLADE
Antonia Jürging, Managing Director at JOKOLADE

“The launch of Aldi's Choceur CHOCO CHANGER in Australia during 2024 represents a significant milestone in our long-term commitment to Tony's Open Chain and making a difference for both people and the planet through responsible sourcing and responsible business practices. We're proud to be Mission Allies of Tony's Open Chain and each purchase helps us drive structural change that creates a positive, lasting impact in West African farming communities.”



ALDI Australia

“We are proud to take the next big step in making the cocoa, used in our own brand product, more sustainable. In doing so, we're inspiring our customers and showing the rest of the market that it can be done: more ethical and more sustainable cocoa across our entire own brand product range.”



Jan Willem Balk,
SVP Sourcing at Albert Heijn

“Ben & Jerry's has been pleased to be part of Tony's Open Chain as we continue to work directly with our cooperative partners to improve incomes and promote agroforestry within a bigger, resilient partnership that benefits both farmers and companies.”



Cheryl Pinto, The Sourceress, Global Head of Values Led Sourcing at Ben & Jerry's

“Through our collaboration with Tony's Open Chain, we are making it increasingly easier for our customers to choose responsibly produced chocolate, thereby making a positive impact on the lives of cocoa farmers. With the recent expansion of our own-brand bars using Tony's Open Chain cocoa, we can now make an even greater difference.”

JUMBO

Farah Roelse, Category Manager
Chocolate & Confectionary at Jumbo

KPI 16

of Tony's Open Chain Mission Allies and
of Tony's Open Chain conversations with
potential Mission Allies



New Mission Allies

During the 2023/24 season, Tony's Open Chain engaged in conversations with 63 potential Mission Allies. This led to 6 companies joining Tony's Open Chain: Colruyt, Feastables, Holie, Johnny Cashew, Pip & Nut and Waitrose. We are still in conversations with many of the other companies and are confident we will continue joining forces with new Mission Allies during the 2024/25 season.

“ We are thrilled to welcome 6 new Mission Allies in Tony's Open Chain during this year and are grateful for the continuous commitment of our longer-term Mission Allies. The signing of each new Mission Ally confirms that more and more companies are willing to invest in ethical sourcing. Together, Mission Allies are making change in the cocoa industry possible, offering consumers more opportunities to choose responsible cocoa products for which cocoa farmers are paid the Living Income Reference Price. Together, we will make significant impact and take serious steps to end exploitation in cocoa. ”



Sanne Van Zon-Arts,
Head of Sales at Tony's Open Chain

“ We are proud to partner with an initiative that sets the gold standard by enabling companies to end deforestation and illegal child labour in the chocolate industry through tackling the root cause: poverty. We hope that many more retailers and brands will join, so we can all together raise the bar on sustainability in the chocolate industry. The time is now! ”



Karen Janssens (Sustainable Sourcing) and
Sylvie Boddez (Chocolate Buyer) at Colruyt Group

“ Tony’s Open Chain is a leader and a best-in-class representation of the highest ethical standards for our industry. As a Mission Ally, we share ethical sourcing principles and a commitment to take transformative actions that are already improving the cocoa sector throughout its supply chain. We know this will take time - but we can’t do it alone so partnerships like the one with Tony’s Open Chain matter. ”



Adriaan Verbeke, Global Head of Ethical Sourcing at Feastables

“ At Holie’s, we believe living healthy should be easy and fun - not just for the people enjoying our cereals, but also for the farmers who make it all possible. That’s why we’ve teamed up with Tony’s Open Chain. By joining forces, we’re taking our mission of doing business for good to the next level. Through this partnership, we’re ensuring that our cocoa is fully traceable, that farmers are paid a fair, living income, and that we’re helping to end exploitation. Together, we’re shaking up the food industry to be kinder, fairer and a whole lot tastier! ”



Merick Schoute, CEO at Holie

“As a B-Corp, we have an important role to play in championing ethical and sustainable sourcing across our supply chain. At Pip & Nut, we’re so proud to be the first UK snacking brand to become a Mission Ally of Tony’s Open Chain. Our commitment is that all our chocolate will be sourced through the Open Chain, starting with our nut-butter cups and continuing with any new chocolate product we make. Our hope is that we can build long-term partnerships with our cocoa suppliers and work collectively to create a fairer, more ethical sector.”



Pippa Murray, CEO and Founder of Pip & Nut

“We’ve joined Tony’s Open Chain because we aim for the highest sustainability standard in our cashew products. Tony’s is a leading example in this and paved the way for impact companies like us.”



Freek Wessels,
Cashew Captain at Johnny Cashew

Spotlight: Waitrose’s successful transition to Tony’s Open Chain

Waitrose came on board as a Tony’s Open Chain Mission Ally during the 2023/24 season and now offers a selection of 6 Waitrose chocolate bars and 3 Cook’s ingredients bars sourced through this model. Since Waitrose launched the 9 products in April 2024, the sales volume has increased significantly year on year.

“Our partnership with Tony’s Open Chain is really important for us to achieve our commitment to build a transparent and deforestation-free cocoa supply chain whilst guaranteeing producers a fair deal and tackling child labour on farms. With Tony’s Open Chain, our customers can continue enjoying delicious and quality chocolate that has strong ethical sourcing standards. Everyone wins with this model! We hope other UK businesses will join the initiative so together we can make strides to change the cocoa industry for the better.”

Marija Rompani, Director of Ethics & Sustainability
at the John Lewis Partnership

Timeline of Mission Allies joining Tony's Open Chain



2018/19



2020/21

JOKOLADE



2021/22



2022/23

Huel



JUMBO

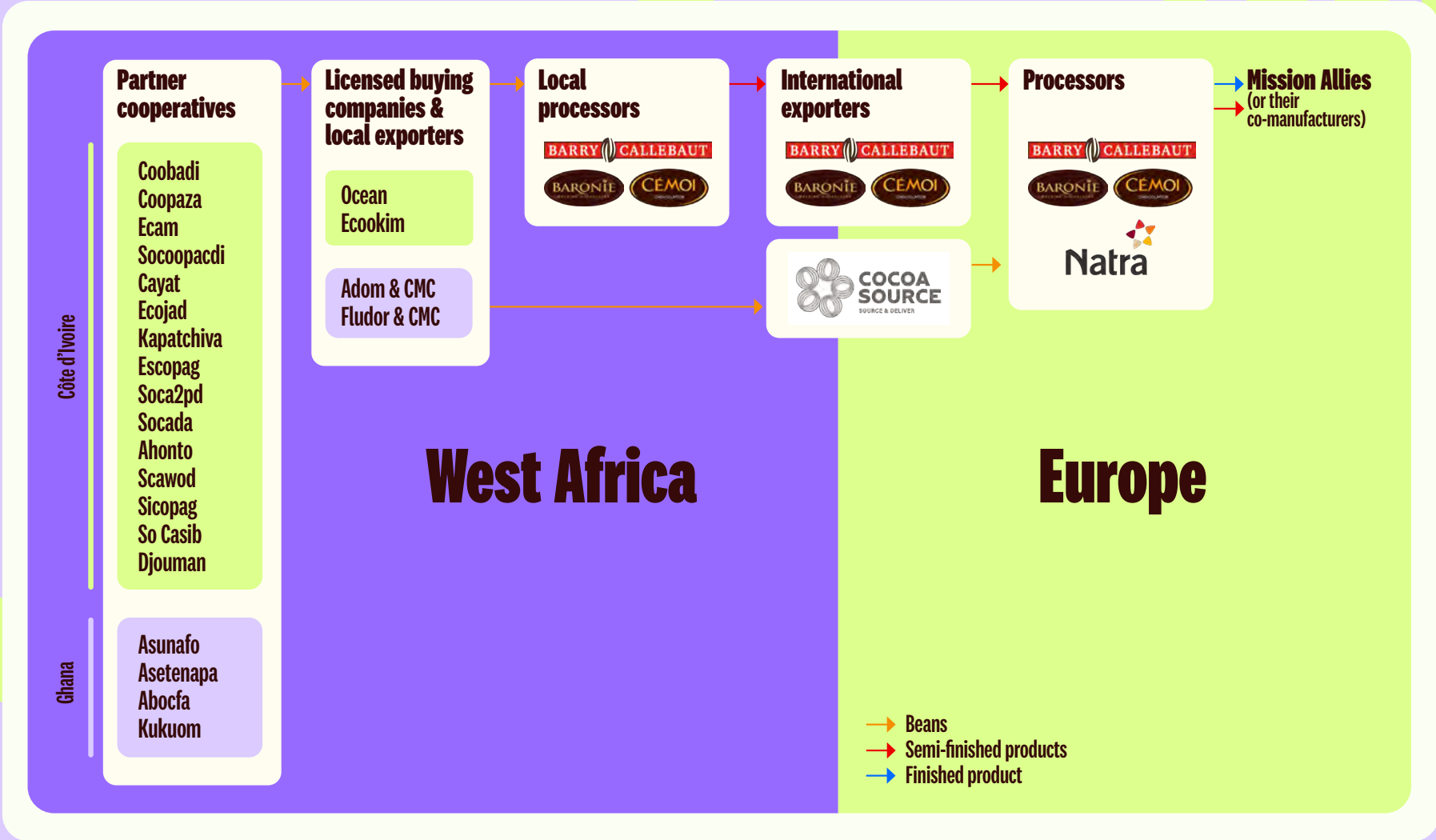
2023/24

WAITROSE
& PARTNERS



3.2 Tony's Open Chain sourcing network

In order to meet our Mission Allies' demand for growing bean volumes, we continue building strong relationships with our existing partner cooperatives, as well as expanding our sourcing network to include new ones. In 2024, we onboarded 8 new partner cooperatives (7 in Côte d'Ivoire and 1 in Ghana).



3.3 The two processing models available via Tony's Open Chain

As part of our scaling initiative, we also introduced a new 'route to market' model for our cocoa beans. Mission Allies can now choose between two bean processing models: Bean-to-Brand and Bean-to-Machine. While the level of traceability remains 100% for both models until the processor's doorstep, what happens at the processor level differs. Below, we describe the differences between the models.



Bean-to-Brand:

- All cocoa beans are kept fully segregated throughout the entire supply chain – from our partner cooperatives all the way through to the end-product level. Products are processed in a segregated manner.
- The specific Tony's Open Chain beans sourced by a Mission Ally are used in their final products.



Bean-to-Machine:

- All cocoa beans remain 100% traceable and segregated from our partner cooperatives up to the processors' doorstep but are mixed with other beans during processing.
- When choosing this model, a Mission Ally-sourced Tony's Open Chain bean volume matches (or exceeds) the total cocoa volume that is needed for their Tony's Open Chain-specific products. Whilst this means that the final product might contain 0 Tony's Open Chain cocoa beans, the button confirms that the Mission Ally has paid a full living income premium on the total volume of beans needed for their products (and often more) and that they have been sourced in line with our 5 Sourcing Principles.

Definitions

Traceability: An overarching term that describes the ability to verify an item's history, location, or application – in our case, cocoa – by means of documented recorded identification.

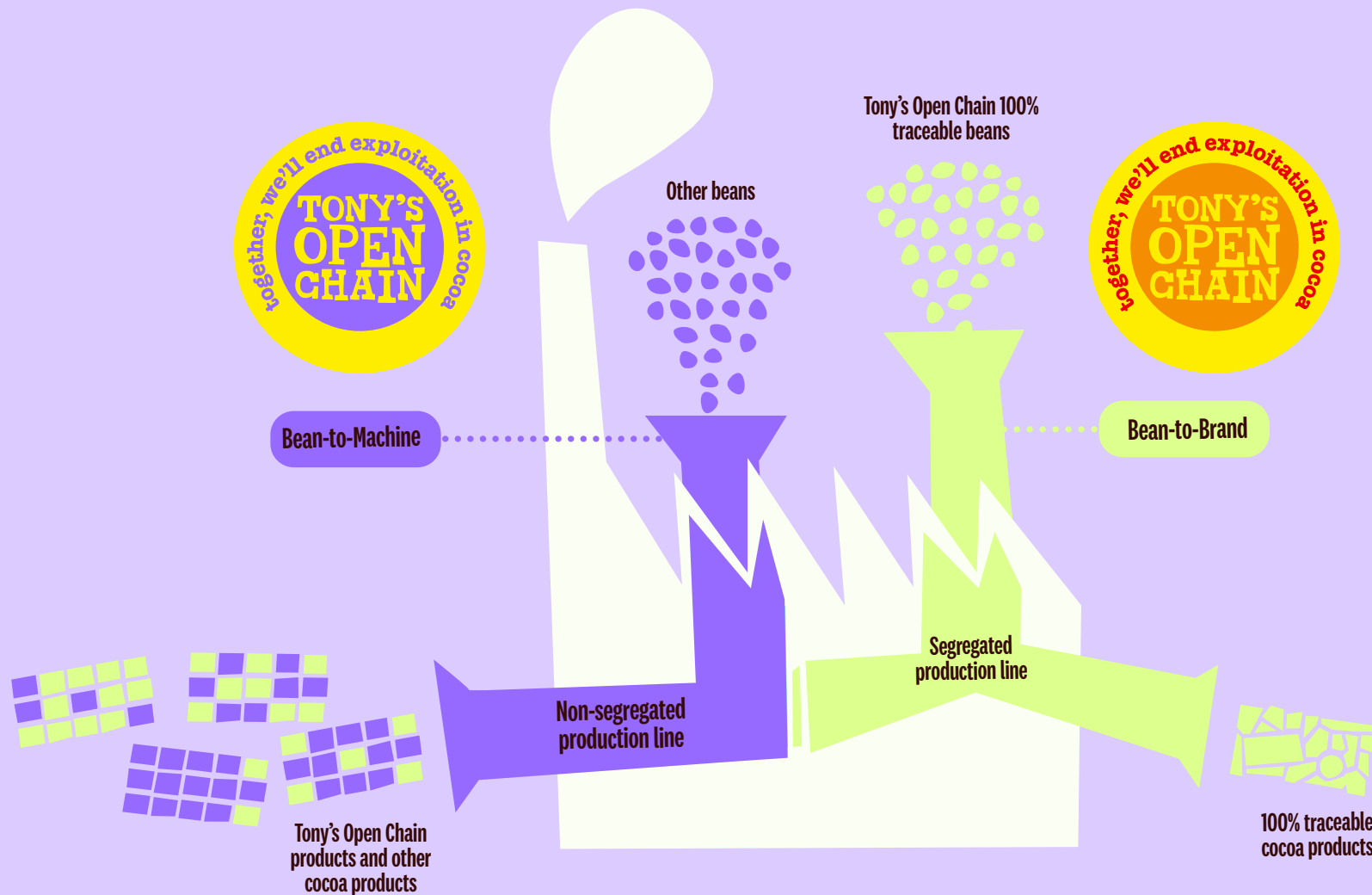
Segregation: This model ensures that certified products are kept separate from non-certified sources through each stage of the supply chain, allowing assurance that the ingredients – in our case, cocoa – within a particular product originate from certified sources.

Mass balance: In this model, the physical mixing of certified and non-certified products is allowed but not required (i.e., it does not define the model to have physical blending) at any stage in the production process, provided that the quantities are controlled and documented. Two main variables affect the type of mass balance: 1) whether physical mixing of certified and non-certified content actually happens, and 2) at what stage in the supply chain segregation is lost (i.e., where physical mixing or volume reconciliation happens) as well as how often.

These definitions are based on: "ISEAL Guidance: Chain of custody models and definitions" (2016)

Different processing model, same impact

Regardless of which model is chosen, all beans sourced via Tony's Open Chain are purchased according to our 5 Sourcing Principles. Therefore, the impact for cocoa farmers in the Tony's Open Chain network remains the same.



Different processing models mean that there are distinctive, on-pack claims that Mission Allies may use to raise awareness of Tony's Open Chain and to educate consumers.

KPI 8.2

% split of overall Tony's Open Chain bean volume delivered as Bean-to-Brand and Bean-to-Machine

96%
Bean-to-Brand

4%
Bean-to-Machine

TONY'S OPEN CHAIN FINANCES

Tony's Open Chain is a business with impact instead of profit embedded at its core, demonstrating that ethical sourcing can be financially sustainable for companies. We integrate the costs of these efforts into our financial framework. We also receive grants and acceleration funding. We use these funds to fast-track innovations that we incorporate into our entire operation and financial approach.

The core of our approach is that everyone—cocoa farmers, Mission Allies, and Tony's Chocolonely—is better off financially if we scale. Cocoa farmers are at the centre of our programming, ensuring their prosperity is prioritised. Our Mission Allies—companies joining us in transforming their sourcing and purchasing practices—also play a key role in this shared success. As the initiator and longtime primary funder of Tony's Open Chain, Tony's Chocolonely remains deeply committed, even as we transition to proportionally scaled funding over time.

Considering the year-on-year trend, we see that sharing the costs benefits all Mission Allies over time. Along the way, we gain valuable insights into the costs of scaling and experience synergies. Tony's Open Chain is heavily investing in growth while thoughtfully building a future-proof model and supporting our teams through this period of rapid expansion.

Financial statement

	FY23/24
Programme Fees	€2,083,454
Governance Fees	€1,607,604
Risk Margin	€352,799
Other Revenue	€60,961
Total Revenue	€4,104,818
Programme Costs	(€2,798,921)
5 Sourcing Principles	(€1,467,833)
Personnel & Running Costs Local Teams	(€1,063,363)
Research, Assurance and Innovation	(€267,725)
Governance Costs	(€1,886,280)
Total Operating Expenses	(€4,685,202)
Net Profit	(€580,383)

As a full subsidiary of Tony's Chocolonely, the Tony's Open Chain P&L is consolidated in the Tony's Chocolonely P&L (identifiable within the Tony's Chocolonely P&L as 'Tony's Open Chain result' as listed in the Tony's Chocolonely 2023/24 Annual FAIR Report)

4.1 Tony's Open Chain revenues

Tony's Open Chain operates a cost-sharing model. This means all Mission Allies pay a fixed amount per metric ton of beans sourced to cover the cost of our impact programmes in West Africa and to finance the team that runs Tony's Open Chain.

We only include the revenues that are not directly transferred to partner cooperatives in the revenue line of our profit and loss (P&L) statement. This means that although our Mission Allies pay a living income premium to cocoa farmers as well as a cooperative management fee for all beans they buy, these are not included in Tony's Open Chain revenues. This also holds for the Licensed Buying Company fee that we pay for all beans sourced from Ghana.

Tony's Open Chain revenues consist of programme fees, governance fees and a risk margin, all three of which are paid by our Mission Allies.

4.2 Grants and acceleration funding

Organisations that gave funding to Tony's Open Chain this past year to accelerate and innovate were:

Rijksdienst voor Ondernemend Nederland (RVO) helped us to increase learning and supported the growth and scale of our child labour approach, with a particular focus on remediation and new cooperatives (2022-2024).

In March 2024, Tony's Open Chain was awarded a Social Sustainability Fund grant from RVO for the new project 'The Future of Farmer Empowerment' (2024-2027), together with partners Agriterra and 100WEEKS. The project focused on building financial management and digital literacy at the household and cooperative level, to facilitate the adoption and use of mobile money solutions. With funding from DEG and the Chocolonely Foundation, Tony's Open Chain supported Elucid to deliver healthcare in Ghana via our partnership 'Cocoa Community Health and Sustainability Initiative' (CHASI). The CHASI project (2024-2027) works to enrol all farmers in Ghana's national health insurance, covering additional essential care not covered by the national system (with a special focus on maternal care), and providing vision and respiratory health screenings.

Initiative for Sustainable Trade (IDH) committed to increase the number of cocoa farming households that close or reduce their living income gap together with Tony's Open Chain as part of a three-year project that started in 2023. Funding for this project went towards verifying the living income impact of Tony's Open Chain, creating awareness on farmer income improvements and other sustainability impacts of the Tony's Open Chain sourcing principles. It also aided in attracting additional Tony's Open Chain Mission Allies and increasing the overall annual volume of Tony's Open Chain-sourced cocoa from West Africa.

Tony's Open Chain also participated in the project Children in Rural Communities are Learning and Empowered (CIRCLE) in Ghana (2023-2025). Funded with support from the Ministry of Foreign Affairs of Finland and Fairtrade Finland, together with project partners Fairtrade Africa and ICI, this project focuses on building children's resilience to protect, report and advocate for themselves while empowering cooperatives to implement effective child labour monitoring. These efforts are complemented by activities to support the promotion of safe schools and community environments for children to thrive.

The total contribution to Tony's Open Chain this book year was EUR 110,468. These grants are included in the programme fees.

Tony's Open Chain costs

Programme costs are all costs related to our 5 Sourcing Principles sourcing model. This includes costs to cover our traceability work (such as polygon mapping), our CLMRS (which now also includes the actual costs to remediate any child labour cases we find), our human rights programme work, and our work to support the strengthening of partner cooperatives and productivity programmes.

Governance costs are the main costs related to our Amsterdam-based activities. This includes the staff operationalising our sourcing model, our IT systems (excluding BeanTracker and the CLMRS, which are both included in programme fees), auditing and events.

Tony's Open Chain's goal is to operate on a cost-neutral basis, which is why we base our pricing on the budget forecasts that we determine ahead of each season. However, budgets do not always accurately reflect the volatile reality of cocoa, which is why we ask Mission Allies to contribute a small risk margin to Tony's Open Chain. This risk margin is used to cover unforeseen expenses and ensures we do not have to charge additional fees throughout the season. In 2023/24, Tony's Open Chain set the risk margin at 10% of the combined programme and governance costs.

Net profit

Net profit shows the Tony's Open Chain's total amount of money remaining after deducting the business's total expenses from its total revenue for a given accounting period. As we aim to operate on a cost-neutral basis, the ambition for net profit is to be positive. Our goal is to reach a positive result through the build-up of the risk reserve that will allow Tony's Open Chain to absorb unforeseen expenses or investments.

This year's numbers at a glance

In the 2023/24 book year, Tony's Open Chain's revenues reached €4.1 million, driven mainly by programme and governance fees. Programme fees represented the largest revenue component of this figure at €2 million. Tony's Open Chain's costs amounted to €4.7 million in operating expenses, resulting in a net loss of €580,000. This net loss is explained by the fact that on both programme costs as well as governance costs, the expenses outpaced the incoming Tony's Open Chain fees for those components.

For Tony's Open Chain, the net loss represents the choice to make a net investment to accelerate our growth. This year, we outpaced our growth plans in terms of both the number of Mission Allies joining Tony's Open Chain and the total volume of beans we source for them both this year (2023/24) and the following year (2024/25).

How it works: In any given season, the cocoa volume to be sourced is determined in the prior season. For this, we require our Mission Allies to share their bean orders with us in the summer preceding the upcoming season. This is important to ensure our traceability: since we only source from partner cooperatives that are part of our network, we need to inform them of our intended purchasing volumes with sufficient lead times. Additionally, this preemptive planning allows us to grow our network if and when needed. Our aim is always to source maximum volumes from existing partner cooperatives. But, whenever we reach the point where our existing partner cooperatives cannot meet our growing demand for bean volumes, we invite new partner cooperatives to join our mission and thus widen our impact.

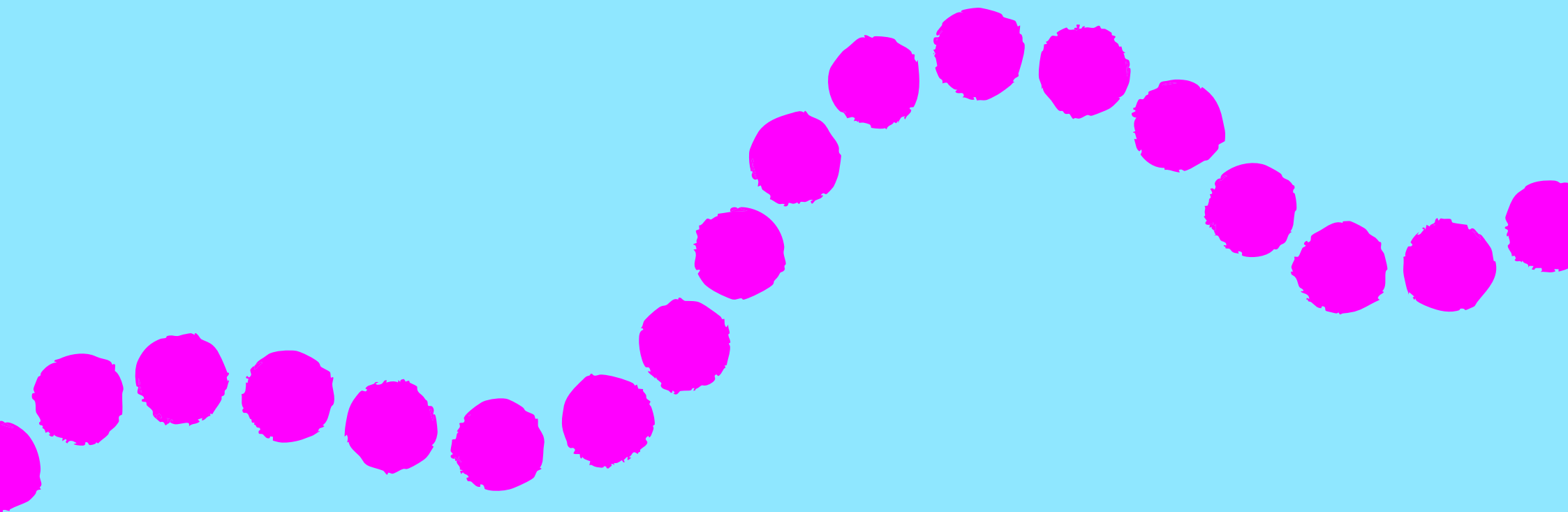
Onboarding new partner cooperatives in Tony's Open Chain comes at a cost, as we need them to be well prepared and assured for key claims on topics like child labour monitoring and remediation or bean traceability ahead of the upcoming sourcing year. If our total number of partner cooperatives increases, we also need to invest more time and resources to support them. As we severely outgrew our volume expectations this year, we onboarded eight new partner cooperatives in 2023/24 to be ready for sourcing in the 2024/25 season.

We are greatly encouraged by the steadily increasing opportunities to positively impact the lives of more cocoa farmers and their communities. Financially, our recent growth required additional investments in both our programmes and our governance, which our limited risk margin was not able to cover. Tony's Chocolonely powered this additional investment in growing our impact, showcasing Tony's commitment to the mission to end exploitation in cocoa together.

At Tony's Open Chain, we are out to prove that our 5 Sourcing Principles can be applied by the industry at scale. That means proving that Tony's Open Chain is a scalable, cost-neutral business model for the industry at large, allowing pre-competitive collaboration on cocoa while brands can continue to compete on shelves. To live up to that ambition, moving forward, our aspiration is for Tony's Open Chain to be able to self-fund this ambitious growth trajectory.

To read more about Tony's Open Chain as a business, please refer to the "building blocks of our impact bizz" chapter of our Tony's 2023/24 Annual FAIR report.

INTERESTING APPENDICES



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Non-financial KPIs

Our most important non-financial Key Performance Indicators (KPIs) provide insight into our performance on most material topics – which is why we ask PwC to review them. It shows how we track and (im)prove our impact together with the financial KPIs.

In this Appendix, we include the following information about the key impact/non-financial KPIs we measure:

- A definition of each KPI
- The scope of each KPI
- Any changes to the KPI definition or methodology compared to previous years

Cocoa-related KPIs

Human Rights KPIs	
KPI 3	# of participants in CLMRS awareness raising sessions conducted in cocoa communities of Tony's Open Chain partner cooperatives
Definition of KPI	This KPI measures the extent to which people living in cocoa communities in areas close to Tony's Open Chain's partner cooperatives have been informed about child labour and children's rights. Awareness-raising plays a crucial role in reducing child labour.
Scope of KPI	The number of participants (men, women and children; cocoa producers or community members) who attended community or household awareness-raising session(s) on child labor and child rights presented by Child Labour Monitoring and Remediation System (CLMRS) community facilitators since the beginning of the project. This is a cumulative KPI.
Any changes to the KPI definition or methodology compared to previous years	None
KPI 10	# of cocoa growing households who participate in the CLMRS
Definition of KPI	This KPI is linked to social traceability, i.e., Tony's Open Chain takes full responsibility by ensuring that the supply chain, including every household within each partner cooperative, is covered by the Child Labour Monitoring and Remediation System (CLMRS). Tony's Open Chain aims to visit every household in the supply chain each year, discuss child labour with families, identify cases and ensure timely follow-ups. During these visits, the CLMRS community facilitators note the composition of the households and create a profile of each member of every household and assess the risk of child labour. This mapping is crucial as the household is the basic setting for understanding circumstances that can lead to child labour. Only when an understanding for the underlying situation has been established can child labour be tackled sustainably in the long term.
Scope of KPI	The number of farmer households that are either a member of one of Tony's Open Chain's partner cooperatives or a member's caretaker, who are registered in CLMRS and who have been visited at least once by a CLMRS community facilitator since the respective partner cooperative started implementing the CLMRS.
Any changes to the KPI definition or methodology compared to previous years	None

KPI 11.1	# of child labour cases found at Tony's Open Chain partner cooperatives through the CLMRS
KPI 11.2	# of child labour cases closed at Tony's Open Chain partner cooperatives through the CLMRS
Definition of KPI	This KPI tracks the number of children between the ages of 5 and 17 who were found to be engaged in child labour (per the ICI definition based on ILO convention) on a cocoa farm in the previous 12 months. This KPI also tracks the number of child labour cases closed. A case is defined as closed because a child is no longer in child labour due to receiving remediation support and/or due to no longer being a child. Additionally, a case is tracked as closed if the farmer leaves the cooperative. Follow-up of cases with remediation support is a key part of the Child Labour Monitoring and Remediation System (CLMRS), and the goal is to ultimately close all cases of child labour found. An 'inherited' case (of child labour or cases closed) refers to those children who were identified as being in child labour or who were no longer in child labour before Tony's Open Chain partnered with a cooperative. Our model for exploitation-free chocolate is based on Tony's 5 Sourcing Principles. This, together with the implementation of a robust CLMRS, will eliminate the existence of child labour in the sector. This is a crucial KPI to measure the efficiency of these impact activities.
Scope of KPI	Children between ages 5-17 in all Tony's Open Chain partner cooperatives including those with whom we do not yet have a Memorandum of Understanding who were found to be in child labour (as defined by ICI according to the ILO convention). Scope of # cases closed – the number of children who were no longer identified as being engaged in child labour due to receiving remediation support and/or due to no longer being a child (aged 5-17) in the past 12 months.
Any changes to the KPI definition or methodology compared to previous years	None

KPIs related to volumes, traceability (beans, premiums and environment), and impact

KPI 4 # of farmers supplying to Tony's Open Chain who receive the LIRP premium

Definition of KPI	This KPI tracks the number of farmers who deliver to Tony's Open Chain in 2023/24 and, therefore, are subject to the payment of the Living Income Reference Price (LIRP) for 100% of the beans they sell to Tony's Open Chain. Having 100% traceable beans means we know which farmers have delivered beans to the partner cooperatives we source cocoa from. An increase in the number of farmers who receive an additional premium, i.e., the LIRP means an increase in the number of farmers who are enabled to earn a living income
Scope of KPI	• Farmers who are members of Tony's Open Chain partner cooperatives in Ghana and Côte d'Ivoire who sold at least 1 kg of cocoa beans to Tony's Open Chain Mission Allies (including Tony's Chocolonely) during the book year. All farmers who sold cocoa to Tony's Open Chain receive the Living Income Reference Price (LIRP) for 100% of the beans they sell to Tony's Open Chain. The LIRP includes an additional premium on top of the farmgate price, which currently is still too low to enable farmers to earn a living income. • The additional premium includes the Fairtrade premium, Fairtrade minimum price differential (if applicable) and the living income premium. Additionally, Tony's Open Chain partner cooperatives also receive 46€/metric ton in Côte d'Ivoire and 47,29€/ metric ton in Ghana as the cooperative management fee.
Any changes to the KPI definition or methodology compared to previous years	The wording of the KPI was changed to better reflect what is included in the LIRP top up.

KPI 13 # tons of cocoa sourced via Tony's Open Chain

Definition of KPI	This KPI measures the number of metric tons of cocoa beans purchased by Tony's Open Chain Mission Allies (including Tony's Chocolonely) via Tony's 5 Sourcing Principles during the book year. To achieve our impact promise of ending exploitation in cocoa, we need more companies to join us in our way of sourcing cocoa. We want all cocoa to be sourced via Tony's 5 Sourcing Principles. Volume is our biggest lever for change. Thus, this is a crucial KPI to measure how much cocoa is sourced via Tony's 5 Sourcing Principles, not just by Tony's but also by other Tony's Open Chain Mission Allies.
Scope of KPI	All beans sourced via Tonys 5 Sourcing Principles for all Tony's Open Chain Mission Allies with whom Tony's Open Chain has a contract and a bean commitment.
Any changes to the KPI definition or methodology compared to previous years	The wording of this KPI changed because Tony's Open Chain never purchases cocoa beans but facilitates the sourcing of it.

KPI 8.1	% of cocoa beans that are delivered for Tony's Open Chain Mission Allies to their processor and is traceable to farmers via Tony's Open Chain's partner cooperatives
KPI 8.2	% split of overall Tony's Open Chain bean volume delivered that has gone/will go into Tony's Open Chain products per market model: a. % of beans delivered for Bean-to-Machine b. % of beans delivered for Bean-to-Brand
Definition of KPI	This KPI shows the physical traceability of beans from the partner cooperatives to the processing partners. It tracks the percentage of traceable cocoa beans produced during the 2023/24 book year. The KPI also shows the split of the two Tony's Open Chain bean models, specifically the Tony's Open Chain cocoa beans delivered to our processing partners that are intended for either the Bean-to-Machine or the Bean-to-Brand model during the 2023/24 book year. Traceability is the enabler for sustainability: companies need to take full responsibility for their entire supply chains, which is only possible if they know where their beans come from and under which labor and environmental conditions the beans were produced. BeanTracker is our main tool for ensuring operational traceability.
Scope of KPI	KPI 8.1's scope does not include technically unavoidable mixing with non-Tony's Open Chain products during the processing of beans into couvertures/powders, up to a maximum of 10%. Please find a more extensive explanation of this below: Tony's Open Chain beans are delivered 100% traceable to the processor. The industry-wide accepted definition of segregation allows for up to 10% technically unavoidable mixing (in line with the definition of segregated processing in the ISO standard 34101 and other industry practices). Technical (un)avoidance refers to situations where mixing with some non-Tony's Open Chain product cannot be avoided within reasonable costs. The most common example is the mixing with the residue of previous production batches that is left behind in the production pipes and tanks at the processing factory. Even though Tony's Open Chain beans are produced segregated from other products (i.e., not processed at the same time, in the same production line as non-Tony's Open Chain beans), the lines are used for other brands when Tony's Open Chain beans are not being processed. Thus, some residues could be left over between production batches. Preventing these situations would require intensive (cleaning) activities that will significantly increase the price of processing. This money does not add any impact for cocoa farmers, but it does grow the barrier for other brands to join our mission and help us source more volume. Tony's Open Chain follows industry practices on this, enabling us to invest at the start of the value chain, i.e., in cocoa farmers, rather than invest more at the processor level. 10% is an absolute maximum, which can only occur for very small production batch sizes. Most importantly, this mixing between production batches doesn't prevent us from buying the full bean volume that is needed for the volume of Tony's Open Chain couvertures/powders produced. 100% of Tony's Open Chain couverture and powder produced will always match 100% of Tony's Open Chain beans sourced. Therefore, allowing up to 10% of technically unavoidable mixing does in no way influence our impact on the farmers we work with.
Any changes to the KPI definition or methodology compared to previous years	This year, we worked on refining our traceability insights and, therefore, split this KPI. KPI 8.2 includes with more granular views on the differences in sourcing models.

KPI 15	amount of premium paid (per metric ton of cocoa) to reach the LIRP
Definition of KPI	This is a financial KPI that has been added under the non-financial KPIs as it is related to our sourcing principle Paying a Higher Price. The higher price that enables a living income is defined based on Fairtrade's Living Income Model. As part of this KPI we evaluate the amount of premium paid per metric ton of cocoa to reach the Living Income Reference Price (LIRP). This ensures we walk the talk of paying the LIRP for 100% of the cocoa beans Tony's Open Chain Mission Allies buy.
Scope of KPI	The additional premiums include: the Fairtrade premium, Fairtrade minimum price differential (if applicable), the living income premium. It does not include the cooperative management fee which is paid on top of the LIRP.
Any changes to the KPI definition or methodology compared to previous years	None
KPI 14	% of farms in the supply chain GPS mapped and assessed against protected areas
Definition of KPI	This KPI includes the percentage of farms that have been GPS mapped. The GPS mapping data is assessed against protected area maps (as outlined by the Cocoa Forest Initiative) to ensure that there is no current or potential risk of deforestation in our supply chain. This links to our environmental traceability.
Scope of KPI	The scope of the KPI includes GPS polygons. Note: We do not publish the full list of individual farmers and their GPS mapping data even though this information is available.
Any changes to the KPI definition or methodology compared to previous years	We moved to assess GPS polygon mapping data.

Data governance, processes and controls carried out for these KPIs by Tony's Open Chain

	- As the data sources for KPIs 4, 8, 13, 14 and 15 are linked, a reconciliation within the KPIs is conducted as a means of extra checks. List of delivering farmers (including farmer codes) as updated in Tony's Open Chain's traceability tool, BeanTracker - Farmer deliveries by farmer codes, volumes and purchaser (i.e., all Mission Allies, including Tony's Choccolonely) - Farmer codes of delivering farmers are also checked against the membership registry and GPS data - The volumes (lots) in metric tons delivered are checked against the volumes (lots) received by the different actors in the supply chain. It's checked for a difference of over 1-3%. (which is the normal percentage by which the weight of lots differs due to evaporation, the place where they are weighed and other factors) - Farmer codes and GPS maps of all farmers (linked to KPI 14) are reconciled - The volumes delivered based on individual deliveries are also further cross-checked against total volumes received and invoiced (linked to KPIs 8, 13 and 15) <i>Upon request and following relevant regulations, we are happy to get in touch with the owners of the data – our partner cooperatives – to share the data underlying the KPIs. Please get in touch with us for more information.</i>
BeanTracker	BeanTracker is our main tool for ensuring operational traceability. In order to guarantee that 100% of the cocoa beans we source are traceable to our partner cooperatives, the following checklists and reconciliation are implemented by various members of the Tony's Open Chain team: - List of delivering farmers (including farmer codes) as updated in Tony's Open Chain's traceability tool reconciled with membership lists in BeanTracker (also linked to KPI 4) - The volumes delivered based on individual deliveries reconciled with the volumes received by other actors in the supply chain - Random samples of couverture batches processed by and at Barry Callebaut are selected from SAP listings provided by Barry Callebaut - For these samples, upstream traceability data is provided by Tony's Open Chain of the beans to the partner cooperatives (i.e., the lots of cocoa beans that were used in the sampled batch of couverture and the individual farmers who contributed to that lot) - For these samples, downstream traceability data is provided by Barry Callebaut – with the corresponding ID chains of quantities couverture sold to the co-manufacturers proving the traceability from the warehouse of Barry Callebaut (beans) to delivery at the co-manufacturers (couverture). - Furthermore, GPS mapping data of all plantations of all members of the partner cooperatives, including those farmers who delivered to Tony's Open Chain (KPI 4) is checked (KPI 14) to ensure that all delivering farmers have been mapped and assessed for deforestation risk. We publish the list of Tony's Open Chain's long-term partner cooperatives (KPI 5). We do not publish the full list of individual farmers and their GPS mapping data even though this information is available.
KPI 5	# of partner cooperatives with whom Tony's Open Chain has committed to a 5-year Memorandum of Understanding (MoU)
Definition of KPI	The KPI tracks the number of cocoa cooperatives in Ghana and Côte d'Ivoire that supply beans to Tony's Open Chain with whom we had a 5-year MoU at the end of the book year. We form long-term relationships with Tony's Open Chain partner cooperatives, which means they can plan for a longer-term horizon and make investments further into the future.

Scope of KPI	All partner cooperatives with whom we have a signed MoU for a 5-year period. It does not include those cooperatives from whom we have started sourcing but are still in the set-up/trial phase.
Any changes to the KPI definition or methodology compared to previous years	None
KPI 16	# of Tonys Open Chain Mission Allies and # of Tony's Open Chain conversations with Potential Mission Allies
Definition of KPI	# TOC conversations with potential Mission Allies: We track this KPI because the process interval between a future Mission Ally expressing interest in Tony's Open Chain to becoming a full-fledged Mission Ally, has several steps, and tracking this pipeline allows us to keep tabs on both scalability and potential volumes sourced through Tony's Open Chain. Tracking this pipeline also helps us identify the barriers that prevent potential Mission Allies from converting. We also follow the number of interactions with potential Mission Allies so we can continually vet and revise onboarding processes and better understand our continued journey towards mission completion. Every conversation we have with a potential Mission Ally has the potential to inspire another company to act. # TOC Mission Allies: This KPI is to track how many new Mission Allies join Tony's Open Chain every year.
Scope of KPI	The Tony's Open Chain acquisition funnel consists of five phases. All companies between Phases 1-5 that we have had a conversation with between October 1 2023 and September 30, 2024 will be considered for this KPI. The five phases are 1. Orientation 2. Inspiration 3. Strategic Yes 4. Contract 5. Ally KPI 16 is a two-part KPI KPI 16.1 is # conversations with potential mission allies. This includes contacts that were between the Orientation phase (excluding those with whom the orientation call was not completed in or before the closing book year) and the Contracting phase, including contacts that have been parked or disqualified, excluding the parked or disqualified contacts that did not complete an Orientation call and/or Inspiration session between Oct 1, 2023 – 30 Sept 30, 2024. If these companies are still in these phases of the funnel in the next reporting period and active conversations were held with them during the reporting period, they will still be considered as part of the KPI. KPI 16.2 is # Mission Allies active on Sept 30, 2024, as well as Mission Allies (including Mission Allies that already signed on in previous book years) in the closing book year. This includes all Mission Allies with whom we have a signed contract. Year-over-year this will be a cumulative KPI.
Any changes to the KPI definition or methodology compared to previous years	None

MPI survey background

In both countries, research companies – Ipsos in Côte d'Ivoire and PDA in Ghana – handle the training, deployment and logistics of surveying initiatives. We conduct face-to-face interviews at the household level, using a consistent core questionnaire in both countries, with slight country-specific adjustments. The survey uses a representative, random sample from each partner cooperative, accounting for changes in membership. In addition to revisiting the same farmers over time (thereby creating panel data), we also consider more vulnerable groups, such as caretakers.

The MPI methodology simplifies the calculation of key figures related to poverty. These aggregate insights are valuable for tracking progress and targeting support for the most vulnerable in a community. Some indicators rely on a single question (like the type of cooking fuel used), while others require a series of questions (such as those about construction materials). To start, Tony's Open Chain determines the proportion of people in the sample who fall under MPI poverty (Incidence of MPI Poverty). This figure, known as incidence, is similar to the percentage of people living below a specific income or living income threshold. Another vital measure Tony's Open Chain calculates using MPI data is the Intensity of MPI Poverty. This assesses the average number of weighted deprivations experienced by those classified as MPI poor. This measurement helps us understand how far individuals or households are from achieving an acceptable standard of living. People are identified as vulnerable to poverty if they lack between 20 and 33.33% of the weighted indicators. On the other hand, those deprived of 50–100% of the weighted indicators are considered to be living in severe poverty. The MPI helps us understand the depth of poverty (the average number of indicators a household lacks) and which aspects contribute most significantly to poverty. The MPI's limitations include the absence of gender-disaggregated data, limited coverage of deprivations, and a lack of comparability across regions and countries due to variations in data and calculation methods.

Dimension	Indicator	Deprived if...	Weight	SDG area
Health (1/3)	Nutrition	Any person under 70 years of age for whom there is nutritional information is undernourished.		SDG 2: Zero Hunger
	Child mortality	A child under 18 has died in the household in the five-year period preceding the survey.	1/6	SDG 3: Health and Well-being
Education (1/3)	Years of schooling	No eligible household members has completed six years of schooling .	1/6	SDG 4: Quality Education
	School attendance	Any school-aged child is not attending school up to the age at which he/she would complete class 8.	1/18	SDG 4: Quality Education
Living Standards (1/3)	Cooking fuel	A household cooks using solid fuel , such as dung, agricultural crop, shrubs, wood, charcoal, or coal.	1/18	SDG 7: Affordable and Clean Energy
	Sanitation	The households has unimproved or no sanitation facility or it is improved but shared with other households.	1/18	SDG 6: Clean Water and Sanitation
	Drinking water	The household's source of drinking water is not safe or safe drinking water is a 30-minute or longer walk from home, roundtrip.	1/18	SDG 6: Clean Water and Sanitation
	Electricity	The household has no electricity .	1/18	SDG 7: Affordable and Clean Energy
	Housing	The household has inadequate housing materials in any of the three components: floor, roof, or walls .	1/18	SDG 11: Sustainable Cities and Communities
	Assets	The households does not own more than one of these assets: radio, TV, telephone, computer, animal cart, bicycle, motorbike, or refrigerator, and does not own a car or a truck.	1/18	SDG 1: No Poverty

Source: Alkire, S., Kanagaratnam, U. and Suppa, N. (2020). "The global Multidimensional Poverty Index (MPI): 2020 revision", OPHI MPI Methodological Note 49, Oxford Poverty and Human Development Initiative, University of Oxford

mailme@tonyschocolonely.com



what
are you
doing..?



raising the
bar, duh..

