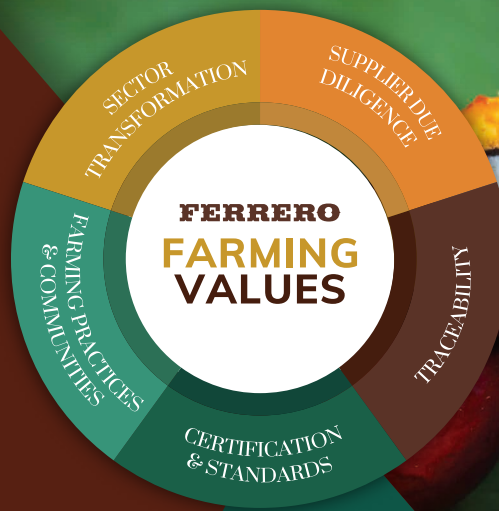


FERRERO

PALM OIL CHARTER



We, the Ferrero Group (Ferrero) seek excellence along the whole value chain, with a particular focus on the social and environmental impact of the raw materials that we rely on to produce our products.

Through this Charter, we state our ambition to continue fostering a palm oil industry that is good for people and nature, and our commitment to realizing this vision by sourcing palm oil responsibly.

OUR JOURNEY

Ferrero's journey towards sustainable palm oil took a significant step forward in 2005 when we became a **member of** the newly founded **Roundtable on Sustainable Palm Oil (RSPO)**.

In November 2013, we published our first Palm Oil Charter, reinforcing our commitment to responsible sourcing and outlining actions to address deforestation as well as environmental and social challenges across the palm oil supply chain. In May 2014, we released our first Progress Report on the Charter's initiatives. To this day, Ferrero continues to **update the Palm Oil Charter and Progress Reports regularly**, reflecting our ongoing commitment to sustainability.

By January 2015, through strong collaboration with suppliers, Ferrero achieved **100% RSPO-certified segregated palm oil**, marking a key milestone in our sustainability efforts. As Ferrero has continued to grow, partly thanks to recent acquisitions, **we remain committed to ensuring that at least 90% of our direct¹ palm oil is sourced as RSPO Certified Segregated**, diligently tracking progress and transparently reporting updates, regardless any changes to the baseline.

In April 2015, Ferrero integrated the **High Carbon Stock Approach² (HCSA) methodology** to identify and protect tropical forests threatened by agricultural expansion. Later that year, in November, we became a member of the **Palm Oil Innovation Group³ (POIG)**. As POIG marked its 10th anniversary and concluded its work in 2023, it published a series

of impact reports showcasing the initiatives of its members and the influence of POIG's activities on the RSPO and the broader palm oil industry.

In March 2016, Ferrero endorsed the **"Free and Fair Labour in Palm Oil Production: Principles and Implementation Guidance"** study, developed by a wide alliance of international human rights and environmental organizations.

In 2017, we launched the first pilot with **Starling satellite monitoring tool to prevent from deforestation**, by 2020 we had achieved **full traceability to plantation** and implemented the methodology across our entire supply chain.

In March 2018, we published our first **list of palm oil mills in our supply chain** and committed to regularly updating and publicly sharing this list to enhance transparency.

In line with our aim to continue to evolve and innovate our sourcing methods, through close collaboration with stakeholders at every level, in June 2021 we updated our Palm Oil Charter, strengthening our commitments and setting new targets and actions for sustainable practices including; **non-deforestation monitoring for the entire palm oil supply chain with Starling satellite technology**, contributing to **landscape projects in key sourcing areas**, implementing new initiatives to **support the adoption of responsible labour practices** within the supply chain, and supporting **Nature Based Solutions research** and pilot programs, amongst other initiatives.

¹ Direct palm oil refers to palm oil, palm kernel oil, and their fractions purchased by Ferrero Group as raw materials through direct commercial relationships with suppliers.

² HCS. What is the High Carbon Stock Approach? | HCSA.

³ POIG, 2023. "10 years of Palm Oil Innovation", [Palm Oil Innovation Group | A journey towards responsible palm oil \(poig.org\)](https://www.poisg.org/).

With the launch of this new Charter, we reinforce our commitment to responsible sourcing, aimed at fostering a palm oil industry that benefits both people and nature. We act on this by upholding the highest standards of ethical conduct, social responsibility, environmental protection, transparency, and traceability. This Charter further strengthens these principles by incorporating **fair wages, protection of environmental and human rights defenders, and advancing our approach to nature-based solutions and regenerative practices.**

OUR AMBITION

Our ambition is to be a driving force behind a palm oil industry where palm oil production creates value for all.

A system where farmers and farming communities are thriving, workers’ and children’s rights are unequivocally respected, and environmental values are protected and enhanced through regenerative agriculture practices⁴ for the benefit of our global society.

For Ferrero, ensuring compliance with our own principles (**Ferrero’s Human Rights Policy Statement and Ferrero Supplier Code**) and with applicable laws⁵ and regulatory requirements is a **basic requirement**. We monitor compliance of our suppliers to these requirements through value chain traceability, a robust Due Diligence and Consequence Management approach⁶. As part of the Ferrero Supplier Code, we highlight clear principles and expectations, under Basic Requirements, which we require each of our suppliers to acknowledge.

At the same time, we are convinced that we must **Go Beyond** the basics to fulfill our ambitions. We understand that to foster change and accelerate best practice adoption, we must Go Beyond compliance and consequence management alone, taking a proactive position on selected priorities and initiatives based on known risks and underlying root causes of issues, contributing to new solutions to complex challenges and supporting our suppliers in continuously improving their practices.

We know more can be achieved together. Partnerships with suppliers, producers, NGOs, scientists, peer companies, and other industry stakeholders, along with engagement with local and national authorities, are key factors for success. Moreover, actively engaging with and supporting smallholders and local communities, through partnerships, is crucial to building an inclusive and sustainable palm oil industry.

We detail our ambition and commitment under three pillars:

- (1) Human Rights and Social Practices
- (2) Environmental Protection
- (3) Transparency and Traceability

Under each pillar we include **basic requirements**, followed by specific commitments on selected priorities and initiatives **“Go Beyond”**.

Image 1 below illustrates our 2025 - 2028 high-level commitments under the three pillars of activity. The granular actions and targets will be detailed in subsequent progress reports.

FERRERO PALM OIL CHARTER

<p>01</p>	<p>02</p>	<p>03</p>
<p>HUMAN RIGHTS AND SOCIAL PRACTICES</p>	<p>ENVIRONMENTAL PROTECTION</p>	<p>TRANSPARENCY & TRACEABILITY</p>
<p>Committed to supporting the inclusion of smallholders and fostering working conditions improvement across its supply chain</p>	<p>Committed to protecting standing forests and promoting regenerative agriculture principles in palm oil production</p>	<p>Committed to a traceable and transparent supply chain</p>

The three pillars are founded on a DUE DILIGENCE PROCESS which covers all Ferrero suppliers.

Image 1 Ferrero High Level Commitments

⁴ For the purposes of this document, we refer to SAI’s “Regenerating Together” global framework for regenerative agriculture
⁵ If ever there is a conflict between Ferrero’s principles, based on international standards, and applicable laws, Ferrero will comply with the applicable laws, while seeking ways to honour the higher standards.
⁶ Ferrero, 2020, “Ferrero Group Supplier Code”, Our Supplier Code | Ferrero Group.

PILLAR 1

HUMAN RIGHTS AND SOCIAL PRACTICES

While palm oil production is a key driver of economic development for rural communities in producing regions, the industry also faces complex and systemic challenges that pose significant social and human rights risks. Although at Ferrero we do not predominantly source directly from producers, we firmly believe that mitigating these risks requires holistic, innovative, and collaborative efforts across the entire supply chain. Our ambition is to respect the human rights of everyone involved in the supply chain and to be a driving force in fostering a palm oil industry that creates value for all.

We are deeply committed to promoting and upholding the respect for human rights throughout our value chain.

Ferrero condemns any form of exploitation, including child labour, bonded labour, inadequate housing conditions for farm workers, or unfair working practices. Moreover, we believe that those who cultivate and produce palm oil should be fairly compensated for their efforts.

To support this commitment, we have established **'Basic Requirements'** for all our suppliers. These requirements not only focus on the well-being of their workers but also extend to all actors within their supply chains. Below, we outline these fundamental standards and explain how we go beyond them to foster continuous improvement in social practices across the supply chain.

BASIC REQUIREMENTS

Ferrero's principles (Ferrero's Human Rights Policy Statement and Ferrero Supplier Code), applicable laws and regulatory requirements.

No Forced, Bonded and Compulsory Labour

All workers should enjoy freedom of movement and not be restricted through physical restriction, abuse, threats, and practices, such as retention of identity documents. Workers should have the right to work freely, be aware of their employment terms in advance, and be regularly compensated. We oppose forced labour as defined by the ILO and condemn the use of all forms of forced or compulsory labour, including child forced labour, forced prison labour, indentured labour, bonded labour, modern forms of slavery and any form of human trafficking in our value chain.

We take the 11 ILO indicators⁷ as a reference to take appropriate steps to identify, prevent and address forced labour.

We require suppliers to:

- Take appropriate steps to identify, prevent and address forced labour issues.

Responsible Labour Recruitment⁸

We recognise that addressing formal and responsible recruitment practices can prevent workers from falling into forced labour conditions. Responsible recruitment refers to hiring workers, including temporary workers and seasonal workers, lawfully and in a fair and transparent manner that respects their human rights.

We commit to ethical recruitment in line with the Employer Pays Principle – whereby no workers should pay for a job, and the costs of recruitment should be borne by the employer. We follow the ILO definition on recruitment fees and costs⁹.

We require suppliers to:

- Ensure that workers in the value chain, including at farm level, are recruited ethically. Moreover, no recruitment fees or other related fees should be paid by workers for their employment. Those fees can include for example, legal fees, lodging, personal protective equipment, medical exams, training, passport and visa processing.
- Ensure that workers are recruited with respect of their basic rights which include provision of a written work agreement in a language understood by the worker and provided before the start of the work period, detailing information on wages, working hours, living and working conditions and benefits.
- Adopt responsible labour recruitment, i.e. adhering to Pillar I of the Ferrero Supplier Code.
- Share our responsible recruitment principles with their suppliers and other supply chain actors to collaborate and find appropriate actions for continuous improvement.

Fair and Safe Working Conditions¹⁰

Fair and safe working conditions mean respecting basic workers' rights. They include fair wages, fair working hours, a workplace free of discrimination and harassment, freedom of association and collective bargaining as well as safe and secure working environments and living conditions.

Fair Wages

Ferrero recognises the importance of fair wages¹¹. Our employees are provided with wages that meet or exceed the applicable laws, appropriate industry standards or collective agreements – whichever is applicable locally. We are committed to providing a fair and competitive salary in line with the relevant ILO Conventions on wages¹².

We require suppliers to:

- Follow local laws and pay as a minimum the provision of legally mandated wages for their own employees.
- Take steps to implement fair wages for their own employees and in their supply chains.

⁷ ILO, 2012, "ILO Indicators of Forced Labour" [ILO indicators of Forced Labour | International Labour Organization](#).

⁸ Refers to [Ferrero Supplier Code](#) section of: Fair Wages, Working Hours, Diversity and Inclusion, No Discrimination and Harassment, Freedom of Association and Collective bargaining, Health and Safety.

⁹ [ILO General Principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs](#).

¹⁰ Refers to [Ferrero Supplier Code](#) section of: Fair Wages, Working Hours, Diversity and Inclusion, No Discrimination and Harassment, Freedom of Association and Collective bargaining, Health and Safety.

¹¹ Fair wage definition: The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

¹² [ILO Declaration on Fundamental Principles and Rights at work](#).

Fair Working Hours

We recognise workers' right to fair working hours and the challenge of managing work-life balance, and the right to rest and leisure. We comply with the applicable laws and collective agreements, if any, on regular and overtime working hours. We seek ways to honour ILO Conventions on working hours and weekly rest, always taking work safety into consideration.

We require suppliers to:

- Follow local laws and collective agreements, on working hours and implement fair working hours.

Non-discrimination, Diversity, Equity and Inclusion

Ferrero values diversity, equity and inclusion and condemns any forms of discrimination and harassment, any inappropriate or disrespectful behaviour such as physical and verbal abuse, and sexual harassment in the workplace, including on manufacturing sites and farms.

We promote equal opportunities for all workers, including transient and temporary workers, seasonal workers and workers engaged in a country other than their country of origin or nationality. We also follow ILO Conventions on discrimination and migration for employment.

We require suppliers to:

- Commit to a workplace free of discrimination and harassment.
- Provide and promote equal opportunities for all workers.

Freedom of Association and Collective Bargaining

Ferrero recognises the right of workers to form and join a trade union of their choice and the right to collective bargaining without fear of intimidation or reprisal. We oppose any discriminatory behaviours with respect to trade union organisation, union membership and activity in such areas as applications for employment and decisions on training, award, advancement, dismissal or transfer. We follow ILO Conventions on freedom of association, collective bargaining and workers' representatives.

We require suppliers to:

- Be accountable for respecting workers' freedom of association and their right to bargain collectively. Workers and/or their representatives shall be able to openly communicate with management regarding working conditions without fear of reprisal, intimidation, or harassment.

Health and Safety

Ferrero recognises the importance of providing and maintaining a safe and healthy working and/or living environment for all workers by addressing identified risks, carrying out preventive measures, assessing the effectiveness of those measures and

seeking continuous improvements. We follow the ILO Convention on Health and Safety¹³.

We require suppliers to:

- Implement a safe, healthy and secure working environment for workers in accordance with local law.
- Provide safe, clean, and structurally maintained living facilities including access to potable water, electricity, clean shower and toilet facilities respecting the right of privacy, sanitary food preparation and storage facilities for workers, if applicable.

Respect The Rights of Child¹⁴

All children have the right to education, protection from harmful work and exploitation, and a safe environment that fosters a child's playful spirit and healthy development. Child labour goes directly against this ambition. Child labour is defined by the ILO as "work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development."

It refers to work that:

- Is mentally, physically, socially, or morally dangerous and harmful to children; and interferes with their right to education by:
 - Depriving them of the opportunity to attend school;
 - Obliging them to leave school prematurely; or
 - Requiring them to attempt to combine school attendance with excessively long and heavy work.

We recognise the ILO Conventions on Child Labour, and we aim to align with the Children's Rights and Business Principles¹⁵.

We require suppliers to:

- Take appropriate steps and measures to identify, address and prevent child labour issues.
- Respect children's rights by supporting the Children's Rights and Business Principles.

Respect the Rights of Indigenous Peoples and Local Communities¹⁶

Ferrero respects the rights, interests and perspectives of Indigenous Peoples and local communities.

We understand the importance and abide by local laws of undertaking consultation prior to any indigenous land acquisition, or any activities that might directly impact the rights of indigenous peoples and local communities to their lands, territories, and resources.

We acknowledge the institutional challenge of undertaking such consultations according to local laws and seek ways to honour the principles outlined in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP)¹⁷.

¹³ [ILO Declaration on Fundamental Principles and Rights at work](#).

¹⁴ The term 'child' means every human being below the age eighteen years unless under the law applicable to the child, majority is attained earlier, in accordance with the UN Convention on Rights of the Child.

¹⁵ [Unicef, 2012, "Children Rights Business Principle", Childrens-Rights-Business-Principles-2012.pdf \(unicef.org\)](#).

¹⁶ [Refers to Ferrero, 2020, "Ferrero Group Supplier Code", Our Supplier Code | Ferrero Group: Environmental related Human Rights Issues.](#)

¹⁷ United Nations, 2007, UN Declaration on the Rights of Indigenous Peoples, [United Nations Declaration on the Rights of Indigenous Peoples | Division for Inclusive Social Development \(DISD\)](#).

Where applicable, we require suppliers to:

- Demonstrate practices in business operations that protect the natural environment and ecosystem, acting as the basis to safeguard ecosystem services, land rights, territories, traditional culture, and livelihoods of local communities.
- Respect free, prior, and informed consent (FPIC) principles, and work to apply engagement and consultation processes according to local laws and UNDRIP, and relevant best practices such as those outlined in the HCSA Social Requirements. Suppliers shall have systems in place to monitor compliance against these principles.

Respect Environmental and Human Rights Defenders

Ferrero recognises the roles and efforts of individuals and organisations who engage in activities to protect and advance the global environmental and human rights agenda. We are concerned about the increasingly difficult situation faced by environmental and human rights defenders, as well as for the communities they represent.

To guide our approach and reinforce our commitment, Ferrero strives to align with the **Consumer Goods Forum's Best Practice Note for Business on Human Rights Defenders**¹⁸.

We require suppliers to:

- Align with Ferrero's stance and condemn any harm, intimidation, criminalization, or violence towards environmental and human rights defenders.

GOING BEYOND

Ferrero fostering a more equitable value chain for the people behind palm oil.

Through selected initiatives and collaboration on Landscape Approach Programs, Ferrero commits to contributing to the improvement of smallholders' inclusion and resilience.

Smallholders play a significant role in the palm oil industry, contributing to a substantial portion of global production, yet they often encounter important challenges such as limited access to markets, unoptimized productivity, as well as high vulnerability to the negative impacts of climate change.

At Ferrero, although we source principally from RSPO segregated supply chains, with significantly fewer smallholder suppliers as compared to conventional palm growing operations, we recognize how indispensable it is to participate in coordinated efforts that support smallholder growers' resilience and market inclusion, as this not only strengthens local economies but also promotes environmental stewardship and reduces social risks.

As such, we are continuously exploring ways in which we can support smallholder growers' inclusion by contributing to capacity building and assisting them in achieving certification and compliance with upcoming national and international legislation developments.

Resilience, defined as the ability of a system to withstand shocks and recover its initial balance, is crucial for farming and the food system. Smallholders are especially vulnerable to the negative impacts of climate change, with extreme weather causing fluctuating yields, increased pest and disease pressures affecting productivity and profitability, and economic instability due to increased exposure to commodity market volatility. Looking to address these challenges effectively, we are strengthening our initiatives with a strong emphasis on supporting smallholders in transitioning to regenerative agriculture models that enhance resilience for communities from both agronomic and economic perspectives.

We commit to supporting the inclusion of smallholders by participating in landscape programs and initiatives that help them adopt regenerative agricultural practices, aiming to boost productivity and long-term resilience while improving access to market and optimizing compliance costs related to upcoming national and international legislation developments.

Through selected initiatives and industry collaboration, Ferrero will continue to contribute to capacity building for improved working conditions for oil palm workers.

We seek to foster social performance best practices across our supply chain, and at landscape level in priority risk sourcing regions, by supporting assessment and gap identification, as well as facilitating knowledge dissemination on social performance best practices, with a focus on ethical recruitment and responsible labour practices.

By supporting efforts to ensure good practices are understood and strengthened, not only with suppliers but throughout the value chain, Ferrero aims to encourage continuous improvement in the working and living conditions for palm oil sector workers.

PILLAR 2 ENVIRONMENTAL PROTECTION

Ferrero recognizes the role that natural habitats, soil, and water play in regulating our climate and ensuring a healthy, biodiverse home for humans, animals, and plants. We understand that the oil palm plantations we source from are connected to a broader, global ecosystem. As such, the health of the ecosystems where oil palms grow is deeply linked to the agricultural production practices used and the health of the surrounding environment.

Recognizing the broader environmental impact, Ferrero understands the importance of monitoring and reducing carbon emissions throughout the supply chain as a crucial part of our overall commitment to addressing climate change.

We commit to working towards a palm oil value chain that not only respects the environment but also becomes a positive driver in regenerating biodiversity, soils, and water systems. This will result in healthy ecosystems that benefit growers and the environment while contributing to building resilience in the face of climate change.

¹⁸ [CGF-HRC-FPC-Best-Practice-Note-for-Business-on-Human-Rights-Defenders.pdf](#)

BASIC REQUIREMENTS

Ferrero's own principles (Ferrero's Human Rights Policy Statement and Ferrero Supplier Code), applicable laws and regulatory requirements.

No deforestation and no conversion of natural ecosystems.

Ferrero is committed to no deforestation and no conversion of natural ecosystems, including no development on peat, as part of ensuring responsible sourcing of palm oil. We remain committed to ensure that at least 90% of our direct palm oil is sourced as RSPO Certified Segregated, traceable to plantations and actively monitored to verify it is free from deforestation.

No Deforestation: Prohibit forest clearance for the cultivation of palm oil, with a focus on primary forests, High Conservation Value (HCV) areas as defined by High Conservation Value Resource Network¹⁹, and High Carbon Stock (HCS) areas as defined by the High Carbon Stock Approach²⁰.

No Conversion of natural ecosystems: Prohibit development of oil palm plantations on natural ecosystems, including peatland, regardless of depth.

Our no deforestation and no conversion of natural ecosystems verification applies a reference **cut-off date of 31 December 2015**, consistent with the Accountability Framework Initiative (Afi) and ensuring alignment with the forthcoming European Union Deforestation Regulation (EUDR) cut-off date of 31 December 2020.

In addition to the above requirements, which apply to all our direct palm oil sourcing volumes globally, for the palm oil volumes we import into the European market, **we also carry out a No-Deforestation verification against the EUDR's forest definition—extending beyond HCV/HCS forest areas—**with a cut-off date of 31 December 2020.

We require suppliers to:

- Assure compliance to no deforestation and no conversion principles outlined in this charter.
- Adopt a No Deforestation, No Peat, and No Exploitation (NDPE) policy covering their entire business.
- Engage in third-party verified non-deforestation monitoring, supported by satellite technology and on-site assessments.
- Ensure that production is in accordance with the laws of the country of production. Obtain all legal approvals and permissions when establishing new operations or expanding existing ones. Suppliers shall keep documentary evidence of land use history and provide it upon request.
- Not use fire to clear land, including for replanting and new planting purposes.

Water management and conservation throughout our supply chain (plantation, mill, refinery).

Fresh water is a precious resource and one increasingly under pressure from a growing global population.

We require suppliers to:

- Minimize their impact on water by optimizing water usage and ensuring groundwater quality is maintained.
- Implement water management practices to maintain natural hydrology, prevent peat degradation, and support water conservation efforts.
- Undertake assessments at landscape level to identify watercourses in and around the plantations and to take risk mitigation measures when inputs are being applied.

Chemical and fertiliser management:

Although the palm oil sector has taken strong measures towards the responsible use of chemicals and inorganic fertilizers, we recognize the need to remain vigilant and promote improved practices to further reduce reliance on these inputs to protect biodiversity.

We require suppliers to:

- Not use Paraquat or chemicals listed on the WHO Class 1a and 1b²¹, Stockholm POP²², or Rotterdam PIC lists²³, in line with sustainable chemical management practices as recommended.
- To reduce their use of synthetic fertilizers and pesticides by fostering sustainable agriculture practices such as Integrated Pest Management (IPM), precision agriculture technologies, and agroforestry.
- To store, handle, recycle, reuse, and dispose of dangerous materials, chemicals, and hazardous substances and their packages in strict accordance with the manufacturer's instructions and recognized best practices.

GOING BEYOND

Ferrero, in partnership with suppliers, is deeply committed to nature conservation, with a particular focus on actively protecting standing forests and natural ecosystems. This commitment is crucial for preserving the carbon stored in soil and sustaining biodiversity.

The expansion of the palm oil industry over recent decades has led to destruction and severe degradation of forests and vital natural ecosystems, such as peatlands. Although our policy—which includes due diligence, traceability, non-deforestation monitoring, and sourcing certified sustainable palm oil—ensures that we do not directly contribute to deforestation for new plantations, we acknowledge that the broader industry has placed significant pressure on these critical environments. Therefore, we are committed to contributing to the protection of standing forests from conversion by collaborating with suppliers and supporting conservation efforts.

Tropical rainforests, which host around half of the world's terrestrial species, are vital for carbon storage. Each hectare stores significant amounts of carbon and continues to sequester more annually. Despite their importance, many forests, including peatlands, are still at risk. By actively supporting their protection, we contribute to addressing climate change and preventing environmental degradation, both crucial for the long-term resilience of our planet.

¹⁹ UHCV, [HCV Network | We protect people and nature](#).

²⁰ HCS, [What is the High Carbon Stock Approach? | HCSA](#).

²¹ WHO, 2020, "The WHO Recommended Classification of Pesticides by Hazard and guidelines to classification", [The WHO Recommended Classification of Pesticides by Hazard and guidelines to classification, 2019 edition](#).

²² United Nations, [Listing of POPs in the Stockholm Convention](#).

²³ [United Nations, Annex III Chemicals \(pic.int\)](#).

We commit to:

- Ensuring that at least 90% of our direct¹ palm oil is sourced as RSPO Certified Segregated, therefore assuring compliance to the Principles & Criteria (P&C) set by the RSPO.
- Ensuring our suppliers protect forests areas, within oil palm concessions in our supply chain, by using a dedicated satellite monitoring system.
- Contributing to landscape engagement and programs to protect or restore habitats, biodiversity, water basins, and ecosystem services.

Ferrero is committed to promoting and supporting the implementation of the principles of regenerative agriculture in palm oil production.

Palm oil production, when practiced under regenerative principles, can offer great benefits to the agroecosystem, through enhancing productivity, building soil health, protecting biodiversity, preserving water systems, and sequestering carbon. Regenerative agriculture principles involve working with nature to generate agricultural products in a manner that protects and restores natural ecosystems, thereby promoting their long-term resilience.

We embrace regenerative agriculture as a system of farming principles and practices that uses soil health conservation and regeneration as the entry point to help restore the ecosystem. The objective is not only to enhance the environmental, but also the social and economic dimensions of sustainable food production, while continuing to produce high nutritional and quality palm oil.

We seek to work with partners and suppliers to demonstrate potential ways they can adapt their production methods to build more regenerative farming landscapes, and the benefits that come with these.

We commit to:

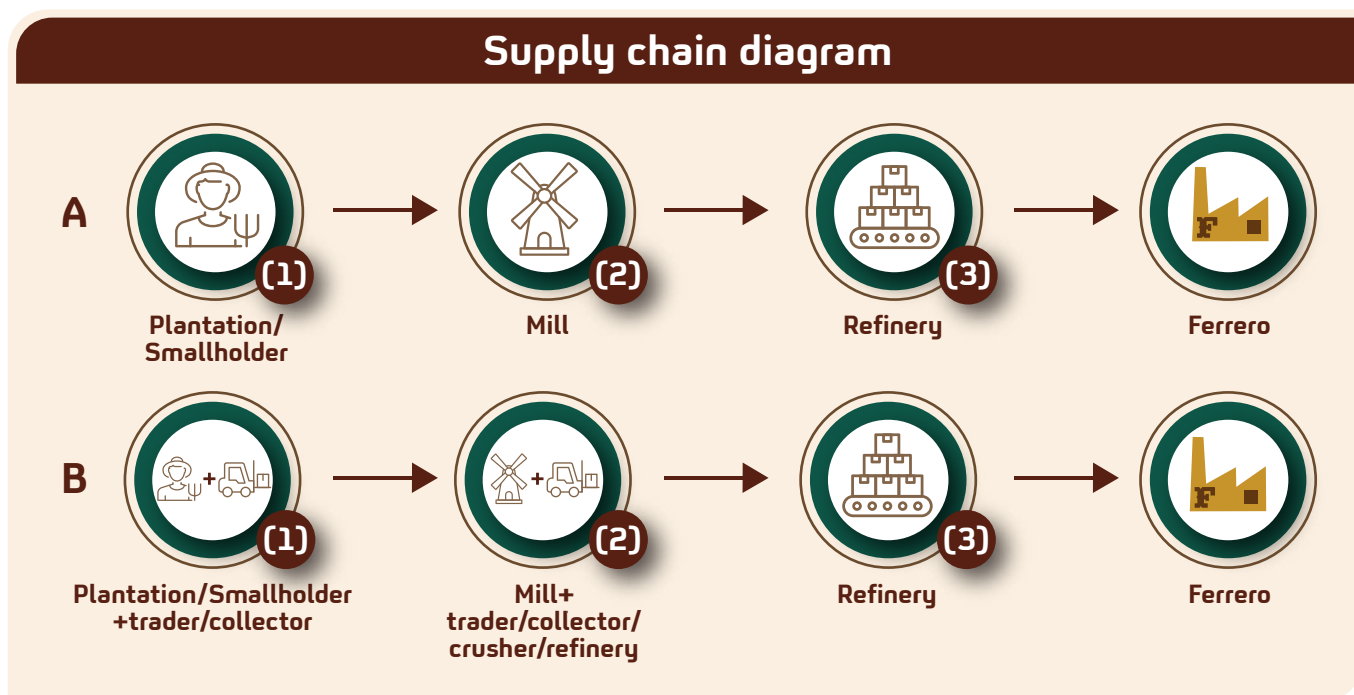
- Promoting the development, practical application and scale up of the principles of regenerative agriculture in palm oil production, in collaboration with suppliers, subject matter experts, NGO's, and technical partners.
- Fostering our existing network of demonstration pilots, to generate and disseminate knowledge about nature-based solutions for oil palm production, including integrated approaches to pest as well as understory management, agroforestry, and intercropping practices for soil health and biodiversity benefits.
- Enhancing the accuracy of our palm oil supply chain greenhouse gas emissions assessment by adopting a dedicated sustainability analytics platform and gradually increase the use of primary data reported directly by suppliers.
- Assessing and mapping impacts and dependencies on nature across palm oil sourcing landscapes to further define main opportunities to address the identified pressures on biodiversity, water, and ecosystems in high-risk landscapes.

**PILLAR 3
TRANSPARENCY AND TRACEABILITY**

TRACEABILITY

The environmental and social challenges at the base of the supply chain are often complex and deeply rooted. Transparency and traceability are essential for building a sustainable supply chain that aligns with the goals of this Charter. These practices provide critical visibility into our sourcing, enhancing our due diligence efforts, risk mitigation and ensuring accountability across all supply chain participants, while also enabling continuous improvement in how we monitor progress.

By embracing transparency, shared responsibility, and a strong commitment to sustainability, we can effectively implement the commitments outlined in this Charter, source sustainable palm oil, and keep driving positive impact on both people and the



BASIC REQUIREMENTS

Knowing where our ingredients come from

Protecting forests threatened by agricultural expansion and ensuring a deforestation-free supply chain starts with knowing exactly where the palm oil we source originates. This requires full traceability—not only to the mills where the palm fruit is processed but down to the precise plots of land where palm trees are planted, and surrounding forests stand. This highest level of traceability is fundamental to our "no deforestation and no conversion" verification process, enabling us to monitor the sourcing areas that enter our supply chain for any signs of deforestation or ecosystem conversion through the Starling satellite monitoring service.

Starling, operated by Airbus and Earthworm Foundation, combines satellite imagery and field expertise to track changes in land and forest cover. When Starling detects potential deforestation risks, an alert is triggered, which Earthworm Foundation - as third-party assessor to Ferrero - then reviews and analyses. Earthworm provides us with quarterly "Deforestation and Conversion Free" (DCF) reports, including "No Deforestation Verification" (NDV) results, findings, updates, and recommendations for any cases in the supply chain that may require further investigation for resolution (See diagram in Annex A).

We remain committed to ensure that at least 90% of the direct palm oil we source is traceable to plantation²⁴ (TTP) and actively monitored to verify it is free from deforestation and conversion, while transparently reporting updates, regardless any changes to the baseline.

GOING BEYOND

Leveraging Traceability Data to Drive Progress

Ferrero recognizes the importance of tracing palm oil to its source. For us, this is more than just a numbers exercise; it is a commitment to building strong relationships across the supply chain, gaining deeper insights, and driving progress. By conducting comprehensive risk assessments and employing a risk -and data - driven approach, we can engage with our suppliers and stakeholders to better understand key challenges and ultimately achieve sector-wide benefits.

Our commitment extends beyond mere compliance; we aim to leverage traceability data to foster a more responsible and sustainable palm oil sector, ensuring that our actions lead to lasting positive change.

We commit to:

- Utilizing traceability data to conduct comprehensive risk assessments.
- Within applicable legal boundaries, sharing insights on how we leverage these outcomes to strengthen our efforts towards meeting the commitments outlined in this Charter.

TRANSPARENCY

Suppliers Operational Grievance Mechanisms

Ferrero recognizes the importance of Operational Grievance Mechanisms (OGMs) as they are vital for promptly mitigating risks, addressing issues, fostering trust, ensuring transparency, and improving relations with workers and communities.

We require suppliers to:

- Establish Operational-level Grievance Mechanisms (OGMs) at their operational sites to manage complaints from workers, community members, and other stakeholders.

Ferrero's Grievance Mechanism - Ferrero commits to a clear, robust, and accessible grievance mechanism to enable stakeholders to raise their concerns.

The Ferrero [Integrity Helpline](#) is available to report issues confidentially and, in those countries where it is allowed, to do so anonymously. It is managed by an independent external service provider. We commit to promptly investigating all concerns raised through this channel, provided that they are substantiated.

Ferrero is dedicated to maintaining a responsible supply chain and working with suppliers who respect human rights and protect forests across all their operations and supply chains. If a grievance is logged against a supplier via the Integrity Helpline, when and where relevant it will be investigated beyond the physical supply chain and take appropriate actions based on the findings to ensure compliance and address any identified issues.

We commit to:

- Based on our standard grievance management process, record and investigate any reported issues in our supply chains through engagement with relevant direct suppliers and other stakeholders, and take appropriate actions based on the findings.
- When and where needed, support the resolution of non-compliances by assisting suppliers with capacity building and/or collaborating with other stakeholders within a landscape/jurisdictional context.

Verification & Standards

Ferrero ensures the three key pillars are managed along its value chain by adopting a due diligence-based approach and related consequence management (addressing issues directly with our suppliers), taking appropriate steps to have management systems in place and reporting on progress.

Our approach to verification

We commit to verifying that our supply chain is aligned with the principles outlined in this charter.

• Supplier Due Diligence:

All palm oil suppliers are subject to our responsible sourcing process, which employs a rigorous due-diligence approach. This includes adherence to our Supplier Code, which encompasses human rights and social practices, environmental protection, and transparency. Suppliers must acknowledge and adhere to our Supplier Code as a condition for being part of our supply chain. Our responsible sourcing process is supported by audit and verification activities aimed at assessing supplier compliance with our standards and certification requirements as well as verifying the accuracy of suppliers' self-declarations.

²⁴Traceability to Plantation (TTP) is defined as palm oil volumes traceable to plantation level using polygon geolocation data for production areas ≥ 4 ha, with GPS point coordinates accepted only for plots < 4 ha, in line with EUDR, RSPO, and NDPE requirements.

- **Starling Satellite Monitoring and NDV:**

We utilize the Starling satellite monitoring system to obtain up-to-date, high-resolution data that identifies potential risks of deforestation, peatland development, and other land-use changes throughout our supply chain. This tool is complemented by Non-Deforestation Verification (NDV) conducted by the Earthworm Foundation as a third-party assessor.

- **Our Standards**

Ferrero remains committed to credible external verification for both its own operations and that of its suppliers along the value chain. This involves recognized certifications standards.

We source RSPO-certified²⁵ direct palm oil, independently verified, which is a key element of our strategy to ensure compliance with the principles outlined in this charter.

Non-Compliance and Consequence Management

When any non-compliance is identified and verified in our supply chain, we require suppliers to ensure that corrective action plans are put in place. If suppliers fail to comply with corrective action plans or demonstrate insufficient progress, we reserve the right to disengage from the palm oil supply relationship.

Disengagement is considered a last resort after remediation efforts have been exhausted. In instances where grievances pertain to sources or origins beyond our direct supply chain, we are committed to communicating such concerns to the relevant suppliers. Where there is a clear failure to investigate and respond appropriately to these concerns, we will assess the circumstances and consider consequence management actions, in alignment with our due diligence responsibilities.

Public Reporting

We are committed to transparency in order to accurately inform our stakeholders of our progress and the challenges we face along the way.

We also invite stakeholders to provide regular input where relevant and possible.

We commit to publishing:

- Annual progress reports on the implementation of this Palm Oil Charter.
- Disclosing, and updating on a yearly basis, the list of mills in our supply chain.
- Yearly results of Traceability To Plantation (TTP)²⁶ and Non-Deforestation third party assessment, via our Corporate Sustainability Reporting.

²⁵ Roundtable on Sustainable Palm Oil, <https://rspo.org/about>.

²⁶ Traceability to Plantation (TTP) is defined as palm oil volumes traceable to plantation level using polygon geolocation data for production areas ≥ 4 ha, with GPS point coordinates accepted only for plots < 4 ha, in line with EUDR, RSPO, and NDPE requirements.

ANNEX A: NO-DEFORESTATION VERIFICATION METHODOLOGY

