



FERRERO

**PALM OIL
PROGRESS REPORT
2024-2025**



KEY FIGURES ON FERRERO GROUP'S PROGRESS IN 2024/2025¹



ENVIRONMENTAL PROTECTION



HUMAN & SOCIAL PRACTICES

PROGRAMS

Regenerative Agriculture for Palm Oil

 **>1,700** ha of palm oil fields under nature-based solutions management with SAN in Peninsular Malaysia

 **+1** Sourcing Region Engaged: Launch of Rokan Hulu Landscape Project in Indonesia

SCFS Landscape Project & Supplier Engagement Projects in Collaboration with Earthworm Foundation

 **>8,400** ha covered by the human-elephant coexistence programme

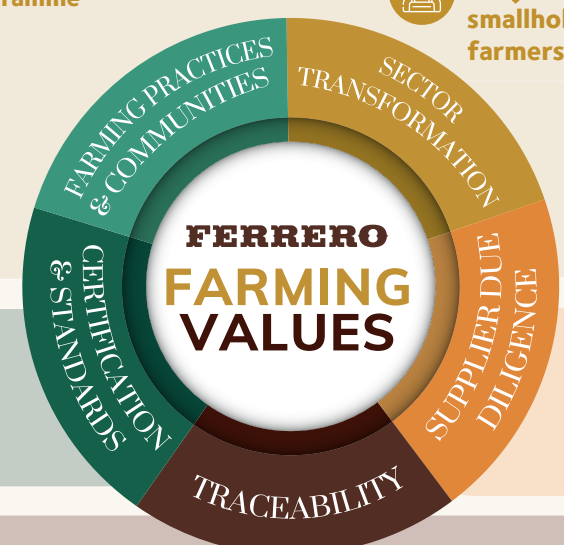
 **3,753** workers³ saw improved working conditions

 **1,671** smallholders farmers reached

 **4,606** workers benefitted from the actions taken under the Ethical Recruitment and Working Conditions Improvement Projects

 **362** children benefitted from the actions taken under the Child Risk Assessment Framework Capacity Building²

 **100%** out of which 95% as Segregated and 5% as Mass Balance



 **100%** palm oil suppliers acknowledge our Supplier Code

 **100%** palm oil suppliers in scope, compliant against Due Diligence Assessment Requirements

 **100%** traceability to mills

 **98.6%** traceability to plantation⁴

 **99.1%** Deforestation Free Supply Chain⁵

 **97.7%** assessed as deforestation free via satellite monitoring⁶

 **>46,000** smallholders in the supply chain⁸

¹ Total Ferrero Group, including M&A. Supplier Risk Management, Certification & Supply chain visibility figures refer to 1st July 2024 to 31st August 2025. Programs KPI's are accumulated figures from the beginning of the program to the end of 2025.

² Through capacity building on child risk assessment, the program strengthened protection for children by enabling staff to identify and address risks.

³ The total number of workers includes individuals reached through Earthworm Foundation's human rights interventions within the SCFS landscape area, as well as those supported through dedicated supply chain programs operating in the same geography, excluding workers reached through Ferrero-funded programs.

⁴ According to EU Deforestation Regulation's (EUDR) traceability definition which requires a full polygon except for plantations of up to 4 hectares, in which a GPS point and plantation total area can be shared instead of a polygon. In cases where GPS points are shared for plantations bigger than 4 hectares, this would not be counted as traceable to plantation but can still be used to calculate the deforestation free score.

⁵ Externally assessed by Earthworm Foundation using the Consumer Goods Forum's DCF methodology for palm oil. We are carrying further analysis on the remaining 0.9%.

⁶ Part of the deforestation free score externally assessed by Earthworm Foundation through satellite monitoring. We aim to assess 100% of our supply chain through satellite monitoring.

⁷ 23/24 sourcing assessed during 24/25. Excludes suppliers newly engaged in FY24/25 or later. Suppliers in scope are those subject to due diligence assessments, based on a risk categorization of medium or above.

⁸ Calculated using smallholder figures reported by mills in RSPO public disclosure documents.



FERRERO – RESPONSIBLE SOURCING APPROACH

At Ferrero we take a continuous improvement approach to responsible sourcing. Our approach is built around comprehensive supplier management and rigorous due diligence, traceability and transparency, certification, and standards. We firmly believe in the potential for achieving more through collaborative efforts and long-term partnerships, essential components in our strategy. Furthermore, we invest in our supply chains through targeted programs aimed at going the extra mile to improve environmental, social and governance (ESG) conditions and overall standards.

Ferrero has a long-standing commitment to source **certified segregated RSPO sustainable palm oil, traceable back to plantations**. We first reached this goal in 2015 and were one of the first global companies to do so. We go beyond these stringent requirements with initiatives guided by the three pillars of our Palm Oil Charter: human rights and social practices, environmental protection, and Transparency & Traceability.

Since 2018, we have continuously disclosed on our website the list of sources from which we procure our palm oil and monitored our supply chain for no-deforestation with the **Starling satellite monitoring** solution.

FERRERO PALM OIL CHARTER

In line with our **Supplier Code**, our **Palm Oil Charter** lays out our requirements and commitments for sourcing palm oil responsibly.

2022-2025 ACTION PLAN FOR PALM OIL

The Palm Oil Action Plan

RESPONSIBLE SOURCING APPROACH	CHARTER REQUIREMENTS AND COMMITMENTS	KEY ACTIONS ⁹
 Programs	PILLAR I: Human Rights and Social Practices	Ethical recruitment and working conditions - Supplier Engagement Projects
	PILLAR II: Environmental Protection	Earthworm SCFS Landscape Project Ferrero – SAN Project; Nature Based Solutions for Palm Oil
 Standards and Certifications	PILLAR I: Human Rights and Social Practices	Sourcing RSPO Certified Segregated Sustainable Palm Oil
	PILLAR II: Environmental Protection	Deforestation Free Assessment
 Supply Chain Visibility	PILLAR III: Transparency & Traceability	Smallholder inclusion
		Traceability To Plantation
		Satellite Monitoring
 Supplier Risk Management Due Diligence	Basic Requirements - Due Diligence	Suppliers' acknowledgement of Supplier Code

⁹ For key figures on our progress please see previous page.



PILLAR I: HUMAN RIGHTS AND SOCIAL PRACTICES

Foster a more equitable and inclusive value chain for the people involved in palm oil production at every level.

Commitment: Through selected programs, we aim to improve the working conditions and resilience of plantation workers & smallholder farmers.

A challenge remains in assessing the level of social compliance and areas for improvement, to provide adequate support and intervene when needed. Accordingly, we require our suppliers and partners to follow the strict guidelines outlined in our [Human Rights Policy Statement](#), [Supplier Code](#), and [Palm Oil Charter](#), and take appropriate measures to prevent any form of exploitation, or improper living or working conditions

We are going beyond this requirement by investing and cooperating in selected programs aimed at supporting smallholders to build resilience in the face of environmental and economic volatility, as well as at improving working conditions through collaboration with supply chain partners, local governments, NGOs, and scientists

How is Ferrero working on this commitment?

Southern Central Forest Spine (SCFS) Landscape Project
Creating Long-Term Value Through Collective Action

The Southern Central Forest Spine (SCFS) is a key palm oil sourcing landscape in Malaysia where **Earthworm Foundation** manages collective action among companies, communities, civil society, and government actors. Over the past five years, Ferrero has been a committed landscape funder, working alongside Earthworm Foundation and a broad coalition of stakeholders to address systemic environmental and social risks while strengthening the long-term resilience of its palm oil supply.

Ferrero's engagement reflects a shared conviction that sustainable palm oil cannot be achieved through isolated interventions alone. Collaboration at landscape level is essential to protect natural ecosystems, safeguard people's rights and livelihoods, and support the long-term viability of palm oil production in Malaysia.



Managing Risk in a High-Value Landscape

SCFS comprises a network of forest complexes that supports critical wildlife corridors and biodiversity, including important elephant habitats. However, decades of land conversion for agriculture, have fragmented ecosystem fragmentation and heightened risks related to deforestation, human–wildlife conflict, labour conditions, and land tenure. These interconnected challenges have direct implications for supply continuity, regulatory compliance, and reputational exposure.

Through the SCFS programme, Ferrero works with Earthworm Foundation, supply chain partners, communities, civil society organisations, and government agencies to address these interconnected risks at scale. The landscape approach enables coordinated action that goes beyond individual supply chains, contributing to a more balanced, resilient, and responsibly managed production landscape.

Progress and Performance to Date

Since joining the SCFS initiative, collective efforts have delivered tangible outcomes across environmental, social, and supply chain dimensions:

- **Supply chain transformation:** 85 palm oil mills have developed No Deforestation, No Peat, No Exploitation (NDPE) action plans, strengthening responsible sourcing across the landscape.

- **Forest protection:** 8,400 hectares of elephant range are being managed through community-led initiatives, reducing biodiversity loss and human–wildlife conflict.
- **Farmer resilience:** 1,671 farmers reached through capacity building and field engagement, supporting improved practices and productivity.
- **Worker wellbeing:** 3,753 workers indirectly benefited from improved working conditions.

These results demonstrate progress in risk mitigation and capability building, while reinforcing a key insight: awareness must now translate into deeper, outcome-driven action.

Looking Ahead: Scaling Impact for Long-Term Resilience

Despite progress, structural challenges remain. Human rights risks persist amid labour shortages, deforestation pressures continue in isolated cases, and increasing regulatory and climate-related requirements place added pressure on producers and smallholders.

Ferrero will continue to support industry-led collective action with suppliers and partners to strengthen collaboration across the value chain.



Ferrero's long-term partnership has been critical in ensuring that the foundations of impact built over the first five years of the SCFS landscape programme are sustained and strengthened over time. This continued collaboration supports not only environmental protection, but also improved conditions for workers, families, and communities across the landscape. As SCFS enters its next phase, collective action beyond individual supply chains will be key to ensuring that progress endures, scales, and delivers lasting value for both people and nature, while strengthening the resilience of the palm oil supply chain.

Kiah Hui Ooi, Malaysia Country Representative, Earthworm Foundation





Ferrero's collaboration with Intercontinental Specialty Fats Sdn Bhd (ISF) in Sabah

In 2023, we started a 3-year collaboration with Intercontinental Specialty Fats Sdn Bhd (ISF) and Hap Seng Plantations Holdings Berhad (HSPHB) as part of our ongoing commitment to support the inclusion of smallholder farmers.

The initiative directly supports five smallholder farmers in Malaysia, with a newly onboarded smallholder in December 2024.

The initiative focuses on improving sustainable agricultural practices, productivity, and profitability, while promoting environmental stewardship and facilitating the preparation of these individual smallholders for RSPO certification through a group certification approach. This enables their recognition under global sustainability standards which aims to strengthen not only their economic resilience, but also contribute to environmental protection and the social well-being of their communities.

As of 2025, three of these smallholders have obtained RSPO certification, while four have achieved MSPO certification. The newly onboarded supplier has also begun its certification journey with the support of HSPHB.

These results demonstrate the effectiveness of the collaboration between Ferrero, ISF, and HSPHB in supporting smallholder inclusion and advancing certification outcomes, with several farmers already achieving RSPO and MSPO certification and the remaining participants progressing through the certification process with structured support.





Labour Transformation Program (LTP), Ethical Recruitment Due Diligence (ERDD) and Child Risk Assessment Framework

Since 2021, Ferrero has supported its Tier 1 suppliers in addressing labour rights risks within its third-party palm oil supply chain. This work has focused on promoting ethical recruitment practices and improving workers' working and living conditions through the **Labour Transformation Programme (LTP)** and the Ethical Recruitment Due Diligence (ERDD) programme in Peninsular Malaysia, strengthening the identification and management of human rights risks.

Over the years, these programmes have expanded in scope and impact. By 2024, LTP and ERDD interventions had been implemented across multiple mills and estates, directly benefiting thousands of migrant workers. Actions included translating employment contracts into workers' native languages, conducting socialization sessions on pay slips, establishing comprehensive grievance logs, developing an Ethical Recruitment Policy, and providing standardized recruitment information to workers and agents. In total, 4,606 workers across six mills and six estates benefited from these ongoing initiatives by the end of 2024.





These efforts are documented in a comprehensive case study, Human Rights Due Diligence (HRDD) in Action: Upstream Supplier's Approach to Transformational Change, which highlights how combining LTP and ERDD strengthened fair recruitment practices, worker contracts, grievance mechanisms, freedom of movement, health and safety, and accommodation standards in Peninsular Malaysia — showing how supplier-led action can translate human rights commitments into tangible outcomes for workers. Read the full case study here: **[Case study on Human Rights Due Diligence in Malaysia's palm oil supply chains.](#)**

As Ferrero's due diligence efforts evolved, the company identified a growing need to address risks affecting children living in plantation communities. In response, in 2025 Ferrero expanded its support to include child protection initiatives in Sabah. Working with Earthworm Foundation, Ferrero supported training of Lam Soon Plantation personnel in Lahad Datu on the Child Risk Assessment Framework (CRAF), equipping staff to identify, prevent, mitigate, and remediate risks facing children. The training emphasized co-learning, practical application of child rights frameworks, and fostering a culture of accountability, empathy, and proactive safeguarding. By the end of the programme, 362 children benefitted, indirectly enhancing child protection across plantation communities.

We continue to engage with industry platforms to share best practices and support efforts to address challenges related to workers' rights. One such initiative is the Consumer Goods Forum's (CGF) Human Rights Coalition (HRC), which aims to support the palm oil sector in strengthening human rights due diligence and addressing the systemic drivers of forced labour through collaboration between buyers and suppliers.



Over the years, EF has partnered with Ferrero to ensure palm oil workers in Malaysia are treated safely, fairly and with respect at work. These joint initiatives are implemented through the Labour Transformation Programme (LTP) and Ethical Recruitment Programme (ERDD).

We are encouraged by Ferrero's expansion of their human rights commitment to the Children in Plantation (CiP) initiatives in Sabah, which address the ongoing vulnerabilities and wellbeing of children in the palm oil plantation. Together with Ferrero, in 2025, we implemented a capacity enhancement programme with their supplier, using the Child Risk Assessment Framework (CRAF).

By guiding the supplier in the use of CRAF to self-assess and address their own operational and child protection risks, we empowered the supplier to develop their own child protection solution, strengthen institutional knowledge, enhance readiness to respond to emerging risks, and reduce reliance on external support. These efforts contribute to ensuring child protection efforts remain sustainable beyond the project lifecycle.

**Lynda Lim, Technical Lead [Social and Human Rights],
Earthworm Foundation**





Guatemala Social Performance Project

During 2025, Ferrero continued supporting this project led by Earthworm Foundation (EF) and GREPALMA (the Guatemalan Palm Oil Growers Association) which focuses on human rights, particularly to ensure and maintain the social license to operate of the producing companies with their communities and stakeholders.

The initiative involves 12 mills, representing over 40% of Guatemala's palm oil production.

During 2025, Earthworm Foundation carried out a deeper diagnostic of one

of the suppliers, focusing primarily on gaps in the grievance mechanism and the conflict situation with local communities, particularly concerning land tenure issues.

Additionally, for the first time, a supplier not affiliated with GREPALMA joined the initiative, and a Human Rights Assessment visit was conducted. An action plan was agreed upon, and progress will be assessed in the near future.

At the sector level, EF continued collaborating with GREPALMA to support producers in improving human rights and sustainability policies, as well as in implementing effective grievance mechanisms.





PILLAR II: ENVIRONMENTAL PROTECTION

In partnership with our suppliers, we actively protect standing forests and/or restore natural forest areas to generate positive carbon and biodiversity impacts.

Commitment: We are committed to having a clear map of the High Conservation Value (HCV) and High Carbon Stock (HCS) areas associated with the palm oil we source. We are also committed to ensuring that our suppliers protect these areas through a dedicated satellite monitoring system.

We recognize the role natural habitats, soil, and water play in regulating our climate and ensuring a healthy, biodiverse home for humans, plants, and animals. We understand that the palm oil plantations we source from are connected to a wider, more global landscape. The health of these plantations is deeply linked to farming and production practices adopted on the ground as well as to the wellbeing of the surrounding environment.

How is Ferrero working on this commitment?

Building over our strong commitment in an RSPO certified segregated supply chain and traceability to plantation level, we monitor our entire palm oil supply chain for deforestation and conversion with the **Starling satellite monitoring solution** and assessment service, across all our palm oil sourcing areas.

Going beyond, we are expanding our **Nature Based Solutions (NbS)** initiatives across key palm oil sourcing landscapes. These projects are designed to help restore ecosystem health, enhance biodiversity, and strengthen the resilience of farming systems.

What steps have been taken in FY 2024-2025?

Operated by Airbus and Earthworm Foundation, Starling uses a combination of satellite imagery and on-the-ground expertise to monitor land cover change and forest cover disturbance in near real time. By providing data that shows where potential deforestation occurs, Starling enables us to identify potential grievances in our supply chain and drive positive change.

Between July 2024 and June 2025, in partnership with Earthworm and leveraging Starling satellite monitoring solution, we monitored all of Ferrero's sourcing areas reaching **99.1%¹⁰ of our total sourced volumes assessed as deforestation free** by Earthworm. With 97.7% of volumes assessed through Satellite Monitoring and a further 1.4% through other deforestation free pathways in accordance with the DCF Methodology.

¹⁰ For the palm oil sourced between July 2024 and June 2025. The 0.9% remaining volume is linked to Starling alerts under investigation or missing traceability to plantation.



Regenerative Agriculture for Palm Oil

We have expanded our nature-based solutions approach for palm oil production in Riau, Indonesia. Through the Danida Green Business Partnerships, the five-year, multi-stakeholder Rokan Hulu Landscapes & Livelihoods Initiative, launched in 2025, aims to scale up regenerative agriculture practices, strengthen farmer organisations, and promote the economic empowerment of women and youth.

The project is expected to benefit more than 5,400 smallholders and over 2,000 community members. It is implemented in partnership with Agriterra, the Sustainable Agriculture Network (SAN), Kaleka, Musim Mas, Preferred by Nature, and Setara Jambi.

The initiative builds on key insights gained from our collaboration with SAN on a nature-based solutions programme for palm oil in Malaysia, adapting proven approaches to the Indonesian context.



Ph: Rian Heryanto



Ph: Rian Heryanto



Ferrero & Chester Zoo Partnership

Since 2020, Ferrero UK and global conservation charity Chester Zoo have partnered to raise awareness for the importance of sustainable palm oil and to support biodiversity conservation in key sourcing regions. The partnership was recognized by the Roundtable on Sustainable Palm Oil (RSPO) Excellence Awards in 2025, delivers impact across four areas:

- 1) Grassroots community engagement: Through Chester Zoo's Sustainable Palm Oil Communities programme, we have worked with more than 200 consumer facing businesses, including restaurants, hotels, educational facilities, manufacturers and retailers to review and change their supply chains, and influence public and policy change
- 2) Inspiring future generations: supporting Chester Zoo's conservation education team to work with schools nationwide, providing curriculum aligned workshops and resources, teacher training and support for school-led campaigns. In 2025, the programme delivered its first Virtual Live Lesson for World Rainforest Day, broadcast from Chester Zoo's rainforest habitats to more than 45,000 students.
- 3) Conservation and biodiversity research: supporting a new dedicated three-year biodiversity research forest project with Chester zoo & NGO HUTAN in the Kinabatangan. Using drones and infrared technology, the project tracks wildlife populations and movement patterns to monitor ecosystem health and support the development of forest and wildlife management plans. In 2025, the Kinabatangan was formally designated a UNESCO Biosphere Reserve, recognizing the region's importance for conservation and sustainable development.
- 4) Raising our collective voice: together we are helping to drive myth-busting content and raise awareness of the importance of using Sustainable Palm oil. We also co-host industry and parliamentary events for policymakers.





Our partnership with Ferrero continues to support the important conservation work we do at Chester Zoo. We know it is important for the future survival of incredible species to advocate for deforestation-free sustainable palm oil and the work that Ferrero supports helps us to focus on the crucial research and conservation efforts in the field. Closer to home, we have been able to deliver our schools education programme to empower teachers and students with the facts relating to real conservation issues and bring about change that will benefit wildlife for the future.”

Kirsten Pullen, Chief Conservation Officer and Deputy CEO at Chester Zoo





TRAILS Project – climate-resilient landscapes for wildlife

Conservation

Agroforestry represents a key opportunity to enhance biodiversity within oil palm landscapes by reintroducing diverse native tree species and strengthening long-term environmental and socio-economic resilience.

Since 2020, Ferrero has supported the TRAILS agroforestry project, coordinated by CIRAD in the Kinabatangan River floodplain, Malaysia. In 2025, the Kinabatangan landscape was designated a UNESCO Biosphere Reserve under UNESCO's Man and the Biosphere Programme, recognizing its global importance for biodiversity conservation and sustainable development. Covering approximately 414,000 hectares, the reserve provides a collaborative framework through which government agencies, local communities, researchers, NGOs and private-sector actors work together to maintain ecological connectivity while supporting sustainable livelihoods. The integration of the TRAILS project into the KBR programme strengthens its contribution to landscape-scale conservation, climate resilience and sustainable palm oil production.

Its activities include:

- Identifying and restoring areas with mixed forest species integrated into oil palm cultivation
- Monitoring wildlife presence and recolonization
- Training plantation and NGO personnel in conservation, bioclimatology, and soil science practices





- Strengthening field data collection and management through networks of microclimatic sensors
- Monitoring oil palm yields at the individual tree and plot levels using barcoding and automated sampling methodologies
- Studying changes in ecosystem services related to climate resilience, with a particular focus on extreme climatic events associated with El Niño; and
- Assessing the socio-economic sustainability of agroforestry systems

Recent progress has improved the quality and consistency of field data collection, enabling more robust analyses of the relationships between biodiversity, climate, and productivity. Looking ahead to 2026, the project aims to further consolidate these results and translate them into practical, scalable approaches for sustainable and climate-resilient oil palm landscapes. The project will also continue to engage local communities in conservation efforts, including the close monitoring and protection of elephant and orangutan habitats.





PILLAR III: SUPPLIER TRANSPARENCY

Knowing where our raw materials come from

Commitment: We are committed to achieving full traceability for all our sourcing, all the way to plantation.

We understand the importance of tracing palm oil to the source as it allows us to understand the challenges more precisely to be addressed and generate sector-wide benefits. We will work towards further enhancing the visibility of our value chain by strengthening partnerships with our suppliers and by leveraging the most advanced technology available.

How is Ferrero working on this commitment?

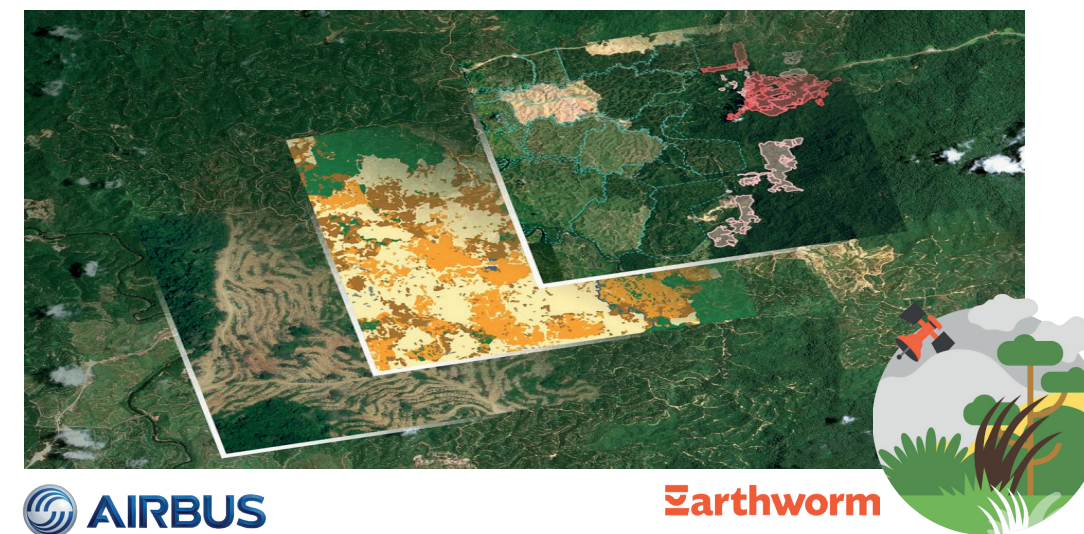
We aim to always know where our raw materials come from, right down to the plantation and farm level. This level of traceability not only enhances transparency across our supply chain but also enables us to build stronger relationships with our business partners and farming communities, while gaining a deeper understanding of the key challenges on the ground.

As such, we remain committed to sourcing RSPO Certified Segregated Palm Oil that is traceable to mills and plantations.

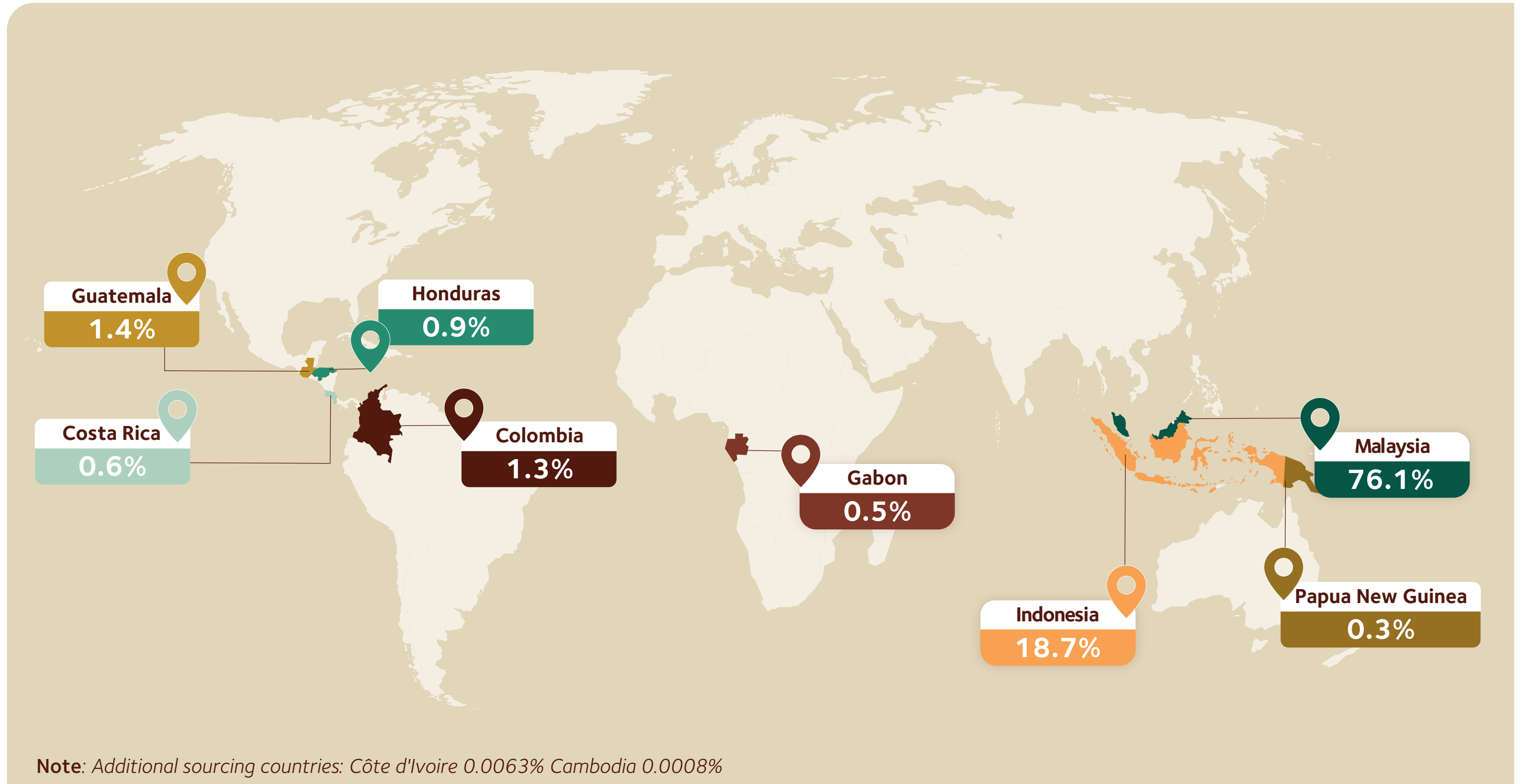
What steps have been taken in FY 24/25?

Between July 2024 and June 2025, we sourced a total of 253,633,881 thousand metric tons of palm oil. Of this volume, **100% was RSPO certified, out of which 95% as Segregated and 5% as Mass Balance.**

The high share of RSPO Certified Segregated palm oil reflects our strong commitment to sustainable sourcing and provides a high level of supply chain visibility which has enabled us to achieve **100% traceability to mill and**



98.6% traceability to plantation polygon boundaries for the entire palm oil volume sourced by Ferrero Group during the reporting period.





GLOSSARY

- **High Conservation Value (HCV):** High Conservation Value Areas (HCVAs) are natural habitats that are of outstanding significance or critical importance due to their high biological, ecological, social or cultural values.
<https://hcvnetwork.org/>
- **High Carbon Stock (HCS):** High Carbon Stock is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed.
<http://highcarbonstock.org/>
- **Landscape:** A landscape is a social-ecological area consisting of a mosaic of natural and/or human-modified ecosystems, one with a characteristic configuration of topography, vegetation, land use, and settlements influenced by ecological, historical, economic and cultural processes and activities.
- **Fresh fruit bunches (FFB):** Palm oil fruit grow in dense bunches known as Fresh Fruit Bunches.
- **Estate:** a synonym for plantation & Fresh Fruit Bunch Source.
- **Supplier Code:** Across our supply chain, suppliers are required to sign our Supplier Code, which sets out our responsible sourcing expectations. Acknowledgement for Ferrero means the supplier has signed the Supplier Code.
- **RSPO certified Mass Balance:** RSPO Certified Sustainable Palm Oil from certified sources that is mixed with non-certified palm oil throughout the supply chain.
- **RSPO certified Segregated:** RSPO Certified Sustainable Palm Oil from different certified sources that is kept separate from ordinary palm oil throughout the supply chain