

FERRERO

Ferrero Group

First Human Rights Report

Executive Chairman and CEO statements

Letter from the Executive Chairman

Whilst this may be the first report of this kind, we have been on a journey of human rights due diligence and improvement for many years. We share our progress against a backdrop of broader work on this vital agenda.

As a family business dating back to the 1940s, putting people first – be they employees, consumers, or suppliers – has always been part of our culture. Today, the Ferrero core values are alive and well within our human rights approach.

Beyond being the right thing to do, upholding the rights and freedoms of those involved in our supply chain is critical to how we mitigate supply and reputational risks. From the development to manufacturing of our products, it is also an important aspect of how we attract and engage talented people to work with us.

The issues are complex, interconnected and often indicators of wider systemic concerns such as poverty, inequality, or poor education.

Therefore, a partnership approach is the best way forward: we are working with multilateral agencies, non-governmental organisations and industry alliances to address human rights challenges within the broader context of sustainable development.

Over the following pages, we are transparent in sharing progress alongside challenges as we have evolved our approach in line with the international standards and guidelines, including the United Nations' Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the International Labour Organisation (ILO) Fundamental Labour Conventions.

We can be proud of the work done through partnerships and collaboration to address the deep-rooted societal challenges that touch our operations. Positive work is underway to strengthen our own practices and to scale our reach through continuous collaboration.

We look forward to reporting back on further efforts in the years ahead.

Giovanni Ferrero, Executive Chairman,
Ferrero Group

Letter from the CEO

The report is framed around our 10 most salient human rights issues that span the full value chain, where we look back at our work to address those issues and look ahead to our priorities to continuously improve.

Identifying these 10 issues has been a particular milestone in our journey to date. With visibility of what is happening from cocoa fields and palm oil mills, to marketing and consumption, I am confident that we can drive further accountability and engagement among our people and supply chain partners. Given its strategic importance, human rights due diligence is increasingly embedded within business processes, starting with our responsible business practices, with a focus on our key raw materials

We engage closely with certification standard organisations such as the Roundtable on Sustainable Palm Oil (RSPO), Rainforest Alliance, Fairtrade and Bonsucro to improve standards and practices on the ground and across the food sector.

Some of our partnerships are universal across Ferrero; but many are commodity and country-specific, reflecting the unique challenges and contexts. For instance, in Ivory Coast and Ghana, children's rights are a central pillar to our wider sustainability program. Child protection is also a key element of our program in Turkey, where our attention is also to safeguard migrant seasonal hazelnut harvesters.

Publishing dedicated Charters for our key raw materials is the latest step we have taken in our bespoke approach to commodity and country-based challenges.

We welcome all thoughts and feedback on our progress and wider approach.

Lopo Civiletti, CEO,
Ferrero Group

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Our human rights journey

As one of the largest chocolate and confectionery companies in the world, human rights aspects are present at every step along our value chain. For a decade, we have been steadily improving our approach to protect the many thousands of the people involved with our products.

Our human rights ethos is rooted in the founding principle to recognise human contribution and protect human dignity and generations of family values. These Ferrero values of integrity, respect and responsibility are reflected in our public commitment to the UN Guiding Principles, the International Bill of Human Rights and the ILO Fundamental Labour Conventions.

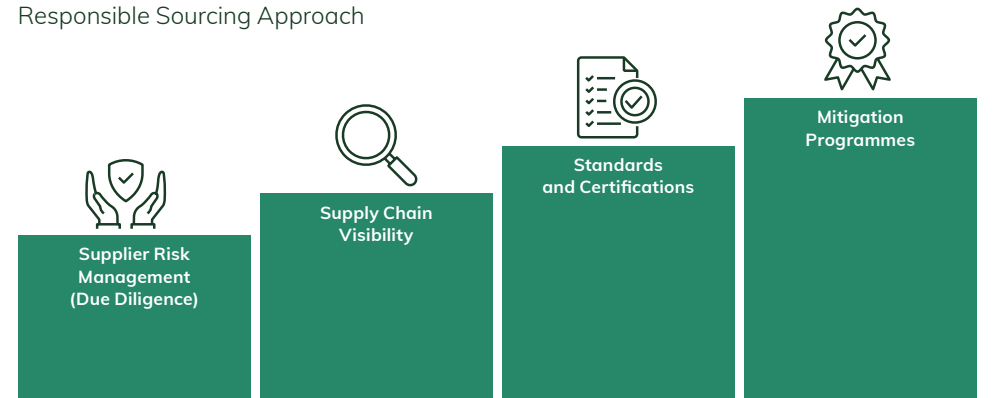
Starting with our responsible sourcing practices, our due diligence on human rights has evolved over years. In our sourcing, we developed practices that have since been applied to other aspects of our operations – with lessons learned and shared along the way.

Human rights are a key aspect of our wider strategic approach to responsible sourcing, which is built around due diligence, supplier management, traceability and transparency, certification and standards, partnerships and collaboration. Investing in our supply chains through targeted mitigation programmes to improve the environmental, social and governance (ESG) conditions further supports human rights risk mitigation.

In the past years, we saw a milestone in our human rights journey in mapping the 10 most salient human rights issues across our value chain. Working with Shift, the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, we now have a clearer visibility to date of the issues at greatest risk of creating severe negative impacts. This mapping has been fundamental to shaping our human rights due diligence framework and Human Rights Policy Statement, while also informing our Supplier Code.

Human rights are a key aspect of our responsible sourcing strategy

Responsible Sourcing Approach



Find out more about our [Human Rights Policy Statement](#)



Find out more about our [Supplier Code](#)

Our human rights journey continued

Our human rights due diligence principles outline four key steps to identifying and managing human rights risks:

1. **Assess:** identifying, assessing and prioritising human rights risks, including ethical audits and assessments
2. **Address:** embedding our human rights policy statement in our activities, addressing identified human rights risks, including measures to prevent, mitigate and remediate

3. **Monitor:** tracking and monitoring our activities and their effectiveness to address risks and continually improve our human rights approach

4. **Communicate:** reporting the implementation progress internally and externally

Today, our approach reflects a series of assessments and strategic multistakeholder partnerships with organisations such as the Consumer Goods Forum (CGF) Human Rights Coalition and Save the Children.

We review our salient issues on an ongoing basis, as part of our journey of continual evaluation in the face of evolving risks and local socioeconomic contexts. In this process, we welcome legislations, international consensus and consumer and non-governmental feedback and engagement to ensure we are responsive to risk and proactive to catalysing systemic change. As part of our participation in Shift's business learning programme, we are implementing its recommendations developed as part of our work with Shift to continuously improve our human rights due diligence approach.



Jump to human rights governance and management



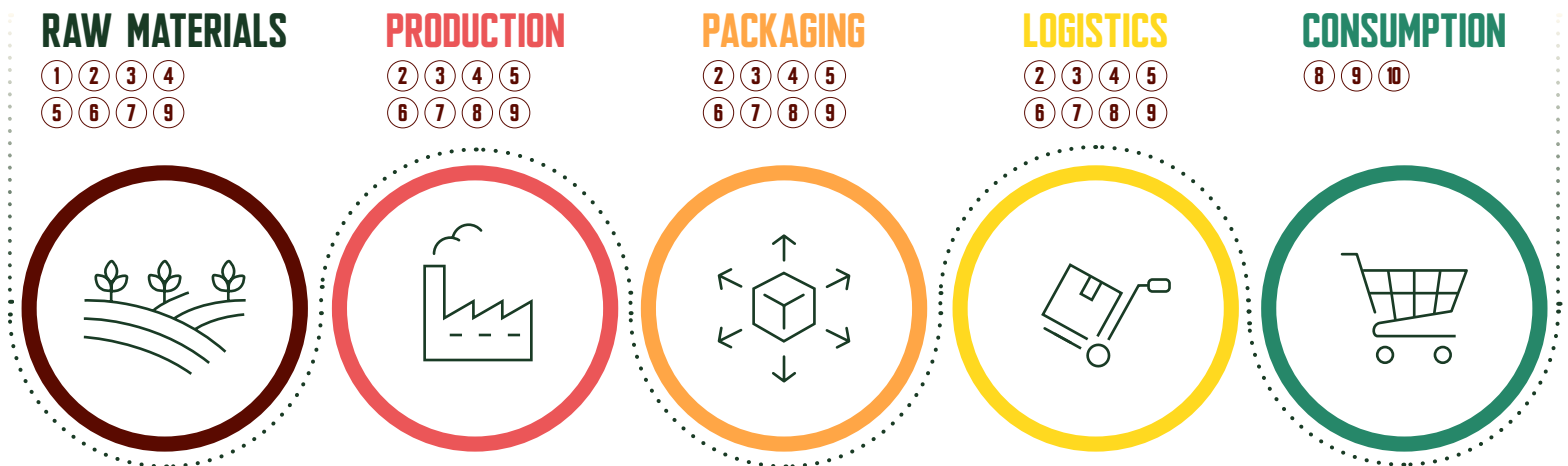
Jump to partnerships and outlook



Salient issues

- 1 Child protection and no child labour.
- 2 Forced labour.
- 3 Fair wages.
- 4 Working hours.
- 5 Diversity and inclusion, no discrimination or harassment.
- 6 Freedom of association and collective bargaining.
- 7 Health and safety.
- 8 Privacy.
- 9 Environmental related human rights issues.
- 10 Rights relating to consumer health and responsible marketing.

The top 10 issues and where main impacts may occur



Salient issues



1 Child protection and no child labour

We recognise the human rights of children, such as the right to education, right to play and right to basic needs. We follow the ILO's definitions on the minimum age for employment and hazardous work and we align with the Children's Rights and Business Principles founded by UNICEF, the UN Global Compact and Save the Children.

The root causes of child labour, like many other human rights issues, are embedded within systemic challenges of poverty, education, gender, social empowerment and cultural norms. Likewise, commodity supply chains are complex and certain practices may contribute to child labour risks. As the reasons for child labour are multifaceted, we therefore require a holistic multistakeholder approach. As a buyer with global leverage, we must work together with suppliers, business partners, governments, children's rights organisations and our industry to eradicate child labour from all supply chains. It is why we work with Save the Children to implement child-centred community development programmes based on proven mechanisms that support access to quality education, good nutrition and basic necessities like clean drinking water (see examples on page 16). We also focus on women's empowerment and reducing gender inequality, recognising the critical role of women as agents for economic, environmental and social change (see examples on page 18).

Remaining ahead of human rights challenges, especially those relating to children, requires continual vigilance, learning and improvement. We are committed to ensuring our approach is targeted to driving sustained impact in the following ways:

- operationalising policies into practice at local and even farm level;
- adapting to local contexts and setting high yet achievable standards;
- transitioning from compliance to a child-centred, proactive approach;
- embedding due diligence within our business processes and all activities (see page 15 and cocoa case study on page 21);
- monitoring and evaluation based on robust data;
- providing ground-level access to remedy and grievance mechanism; and
- adapting to external forces such as the Covid-19 pandemic.



In Côte D'Ivoire, we partner with Save the Children to strengthen child protection systems, increase access to quality education and nutrition, support community development and empower women and adolescents in cocoa growing communities.



Find out more in our latest sustainability report

Salient issues



2 Forced labour

Our goal is to ensure all employees (whether working directly at Ferrero or indirectly in our supply chains) enjoy freedom of movement and are not restricted physically or by abuse, threats and practices such as retention of identity documents and valuable possessions. We also endorse the right to work freely and for employees to understand their employment terms in advance and to be regularly compensated.

We make our expectations to suppliers clear in our Supplier Code and we monitor compliance through our due diligence processes (see page 15). Where non-compliances are found, we have remediation processes in place and we are continually improving these. Recognising that forced, bonded or compulsory labour risks are heightened where seasonal or migrant labour is required, we align our due diligence with international standards, including benchmarks set by expert organisations and commodity-specific certification standards like the Roundtable on Sustainable Palm Oil (RSPO). Meanwhile, we work to ensure traceability of our high-risk commodities, namely cocoa, palm oil and hazelnuts. For these commodities, we have developed detailed Charters and Action Plans, where we outline our specific human rights

commitments and expectations on supply chain partners to eradicate forced labour. For instance, our [Palm Oil Charter](#) defines forced labour as a human rights priority to address in this supply chain. Furthermore, tools such as farmer mapping help target interventions, support sustainable livelihoods and prevent forced labour risks arising.

As with forced labour challenges, our wider ambition is to contribute to credible programmes that break the poverty cycle and drive sustainable, long-term change. With a vision for transparent and responsible recruitment practices being the norm in supply chains requires commodity-specific approaches and multistakeholder action. Examples of our journey in these areas are shown on pages 16-18 and more are given in our latest sustainability report.



Salient issues

3 Fair wages

Our goal is to provide all employees (whether working directly at Ferrero or indirectly in our supply chains) with a fair and competitive salary. This is in line with ILO Conventions on wages and considers the needs of employees and their families.

Our position and expectations of suppliers are clearly outlined in the Supplier Code and we encourage suppliers along our supply chain to cope with market relevant salary arrangements that we emphasize on ongoing stakeholder dialogues through certification and partnerships. Fair wages and living incomes are not only issues in themselves, but they can be important levers when it comes to addressing the root causes of other human rights challenges. It is why we are working value chain-wide to promote decent pay and to pay premiums where practices reflect sustainable stewardship, such as in Ghana and Côte D'Ivoire where we work with Fairtrade and support the national Living Income Differential.

With a focus on women and vulnerable groups, we are supporting farmer collectives in a range of countries to build economic resilience through crop diversification, women's empowerment and financial literacy, for instance. With living incomes and income diversification embedded within our new [Cocoa Charter](#), we are currently analysing methodologies, initiatives and research in these areas to deepen and scale our impact.

In our direct workforce

Recognising that competitive rates of pay and income equality are also issues within our direct operations, our salary arrangements are established under global principles, informed by structures that reflect local market practices and values. In 2021, we conducted a gender pay equity analysis across our workforce.

Our employees' compensation is aligned with the market median (*) and overall, we don't record significant gaps by gender. We have been and we will continue improving our D&I data analysis, metrics, gaps assessment and the Pay Equity Analysis.



(*) competitiveness is assessed in a range of +/- 20% around the benchmark.

Salient issues



4

Working hours

We recognise the challenge of managing work-life balance and the right to rest and leisure. This means, at a minimum, complying with applicable laws and collective agreements on working hours and paid leave.

Excessive working hours can have detrimental impacts on physical and mental wellbeing and health and safety outcomes. At the most extreme end of the spectrum, long hours can be the outcome of low wages (people have to work more hours to compensate for poor pay), forced or bonded labour. Seasonal or migrant labourers are particularly exposed to these risks. At Ferrero, our Supplier Code states that suppliers must provide fair and competitive salaries in line with the relevant ILO Conventions and to also consider the needs of employees and their families. Salary arrangements should be established under global principles, informed by structures that reflect local market practices and values.

In our direct workforce

At Ferrero, we are mindful of growing societal trends of 'always-on' working hours, their impacts on work/life balance and, in turn, mental and physical health. Exacerbated through the Covid-19 pandemic, we have focused on interventions that protect our employees and their wellbeing. These include listening to any concerns in our periodic YOU employee and ad-hoc surveys. We have taken survey findings forward to introduce a global wellbeing programme that spans physical, mental and social wellbeing.

Another key way in which we listen and respond to employees is via our industrial relations processes. We work closely with the European Works Council and other worker rights and consultation bodies around the world to continually improve working practices – find out more on page 20. Finally, our annual ethical audit programme evaluates labour conditions including working hours.



[Jump to health and safety](#)

Salient issues



5 Diversity and inclusion

Treating people with respect and equality goes to the heart of the Ferrero values and we are working to build a diverse and inclusive culture in which all employees feel welcomed and appreciated and have the same opportunities. This work includes transient and temporary workers, seasonal workers and workers engaged in a country other than their country of origin or nationality.

Following the ILO Conventions on discrimination and migration for employment, our fundamental principles of making employees feel welcomed and appreciated, and providing the same opportunities are the bedrock of how we build a diversity and inclusion (D&I) culture. We have a policy in place to prevent key D&I risks, such as anti-discrimination and harassment, supported by employee-wide training. In the last 18 months, key developments have included embedding D&I into our recruitment process with D&I statements in job adverts and recruitment guidelines; establishing a global parental leave policy; launching the 'what makes you different makes us great' internal communication campaign to raise employees' awareness; adding a cultural intelligence module to the mandatory training programme, Ferrero Fundamentals, and a prevention of harassment and discrimination course for line managers within our global learning programme; and partnering with the Business Disability Forum, Catalyst and Country Navigator, expert organisations that

support us advancing our D&I agenda in the key priority areas.

In 2021, we leveraged our YOU employee survey to understand more about how we can build more inclusive workplaces, catalysing an ambitious three-year D&I plan, with initiatives on gender, nationality, generation and working culture spanning all areas of the business. This has been supported by a new global D&I manager role, global governance model (including D&I Councils and regional D&I Ambassadors) and a dashboard to monitor progress and build accountability. Inclusivity is not only the right path, but it is fundamental to how we attract and retain future talent. We have set out a plan to build a pipeline of leaders who are inclusively-minded, while investing in an inclusive culture such as delivering the inclusion and respect trainings to all line managers and white collars of the Group. The plan also includes how we will further create a supportive working environment for those with disabilities and our long-term ambitions for D&I as a whole.

In our supply chain

Our philosophy of inclusion and women's empowerment specifically underlies wider salient human rights issues in our supply chains. Our position is reflected in the Supplier Code and across our various commodities, we have a number of community partnerships, including those that assist female cocoa, shea and Sal butter farmers (see page 19).



Salient issues



6

Freedom of association and collective bargaining

We recognise the right of employees 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.

Freedom of association and the right to collective bargaining are not only important rights in themselves, but also enablers of other human rights. As a global business operating in certain regions of the world identified as high risk for worker rights, we stringently apply the ILO Conventions on freedom of association, collective bargaining and workers' representatives. Combining our history of positive industrial relations with our current stakeholder engagement practices (see page 20), we fully support the remit of regional Works Councils to empower workers in raising concerns and agreeing mutual resolutions.

In our supply chain

Freedom of association and collective bargaining are fundamental rights for workers in supply chains as well. Recognising the challenges around trade union rights vary markedly from country-to-country, we are collecting information to understand and assessing risks of local contexts through our supplier due diligence, to address the identified challenges.



Salient issues



7 Health and safety

A safe and healthy working environment for all is an ongoing priority for us. We have a number of processes in place to identify and prevent incidents occurring and to continuously improve in line with all applicable laws.

In our own operations, occupational health services include access to works doctors and nurses, first aid services and counselling. At a local level, health and safety professionals ensure occupational hazards are identified and risks minimised. In the last year, we conducted a safety culture assessment to establish a health and safety management system, in tandem with internal procedures to strengthen risk assessments and awareness. Another milestone was the addition of a health and safety e-learning within Ferrero Fundamentals, our mandatory employee training programme.

In our supply chain

We expect business partners to meet applicable health and safety legislation in the country of operation. Health and safety is one of four pillars of the annual ethical audit programme, which applies the Sedex Members Ethical Trade Audit (SMETA) methodology (see page 22). During the pandemic, we have been able to continue audits remotely, from digital palm oil mill monitoring in Malaysia, to remote camera safety surveillance in Chile.

Water, sanitation and hygiene (WASH) issues can be a potential contributor to wider human rights issues. Through our agriculture programmes, we support WASH infrastructure and capacity building programmes that in turn contribute to human and environmental health – find out more in our sustainability report.



28,000

Around

Covid-19 hygiene kits, tests, home cleaning packages, bottled water and thermo-bags were distributed to seasonal hazelnut workers in Turkey.

Salient issues



8 Privacy

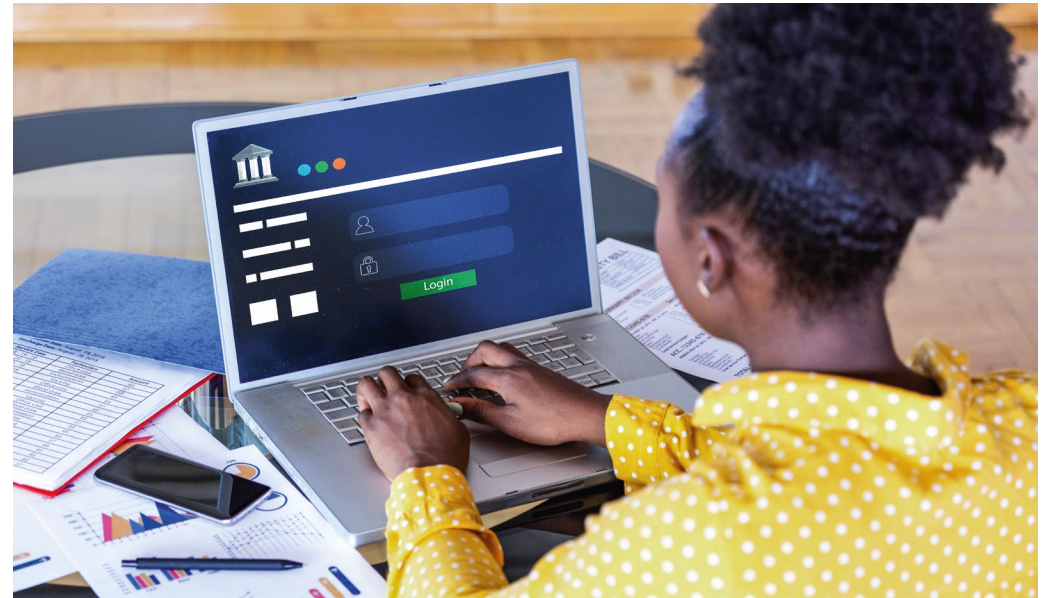
We respect and protect the privacy and security of personal information of our employees, consumers, users, vendors, providers and customers in accordance with our privacy and data protection policy and with applicable laws and standards.

Personal information is regarded as a strategic company asset that should be protected and managed with necessary caution. We publicly commit to respecting the privacy of employees, consumers, customers and business partners and to ensuring that personal data is processed with respect to fundamental rights and freedoms, as well as personal dignity, with particular reference to confidentiality. We handle personal data and information in accordance with applicable privacy laws country-by-country. In addition to our privacy and data protection policy, we also have a specific policy on personal data breach management, supported by detailed procedures for employees to follow.

Data protection training, mandatory for all employees, is embedded within Ferrero Fundamentals and is designed to help Ferrero employees prevent, recognise and avoid misuses. The Ferrero Fundamentals also include an e-learning on cybersecurity. Additional training is provided to employees who handle personal information, including understanding personal data breach management policy.

In our supply chain

We require suppliers to comply with relevant local regulations relating to data protection, confidentiality and privacy, and to adhere to standards set by the Group.



Salient issues



9

Environmental related human rights issues

We recognise that a safe, clean and sustainable environment is integral to the full enjoyment of human rights. Furthermore, the climate crisis will touch each of us on the planet, with the most severe impacts being felt by poorer communities. As a global company, we have a responsibility to reduce any contribution we make to global environmental challenges and to protect those exposed to risk in our local communities.

96.6%

waste recovery rate

-4.3%

water use intensity in our
manufacturing plants and
warehouses

+1M

ha monitored by satellite systems

Our priorities are threefold: deliver on our environmental strategy; protect local communities; and lend our support to those defending environmental related human rights issues. In our operations, we target compliance with local legislation and multi-site certification, compliant with ISO 14001 and ISO 50001 (international environmental and energy management standards), with 21 Ferrero factories and all warehouses we directly manage certified to ISO 14001 currently.

In our supply chain

In the supply chain, our responsible sourcing approach includes the protection of ecosystems and associated land rights. We engage with suppliers on commodity-specific issues – from addressing deforestation in the cultivation of palm oil and sugar cane, to water use and pest management in hazelnut farming (see more in our sustainability report). Furthermore, our farmer field schools provide training in future-fit agricultural and environmental practices and we also work with international industry associations and certification standards such as the CGF and RSPO to drive convergence. See example in pages 17 and 21.

Climate change poses a serious threat to current and future food production systems and, in turn, to the livelihoods of millions of people. We recognise we have a vital role to play in meeting the goals of the Paris Agreement, reiterated at COP26, to keep average global temperatures within 1.5 degrees. It is why we have set 2030 validated Science Based Targets to reduce absolute Scope 1 and 2 emissions by 50% and emissions intensity by 43% (per tonne of product produced and including Scope 3) against a 2018 base year.



Find out more about our
environmental approach and impact

Salient issues



10

Rights relating to consumer health and responsible marketing

We care about the health of our consumers and provide transparent, understandable information in line with the International Food & Beverage Alliance (IFBA) Global Policy on Marketing and Advertising to Children and the EU Pledge on Responsible Advertising to Children. Our commitments are further explained in our Advertising and Marketing Principles.

As one of the world's biggest chocolate and confectionery producers, we take our role very seriously in ensuring that our products do not contribute to obesity or health problems. Our nutrition strategy comprises four key pillars:

- 1 Suitable serving sizes of our products that allow consumers to better manage their daily energy needs within their overall diet.
- 2 Careful selection of high quality raw materials that provide essential energy and micronutrients.
- 3 Promotion of ingredients, foods and structured eating occasions that can be integrated into food education programmes for consumers and the medical-scientific community.
- 4 Education on the importance and benefits of an active lifestyle.

We continue to expand and refine our analysis of the nutritional impacts of our product, which now include around 95% of our marketed volumes. We now have scientific data on the Glycaemic Index for more than 80% of our marketed volumes and we regularly disclose our performance in the annual Sustainability Report. And as part of our commitment to the IFBA product formulation and innovation framework, we stopped using partially hydrogenated fats in our products back in 2006. This is fully in line with WHO requests to limit industrial trans fats at a global level and we continue our work with other stakeholders in this area.

Most of our products are offered as single-wrapped, small servings and

89%

of our marketed volume has a serving size with a calorie load of equal or less than 130 kcal.

A holistic approach to human rights in cocoa supply chains

In our cocoa supply chains in West Africa, we are holistically tackling a number of salient human rights issues and their root causes. A combination of policies and processes (namely our Supplier Code and new Cocoa Charter), due diligence to assess and remediate risks, stakeholder engagement, advocacy and wider sustainability and community development programmes all come together to tackle interconnected issues of child and forced labour (salient issues 1 and 2), fair wages and working hours (issues 3 and 4), women's empowerment (issue 5) and environmental impact (issue 9).

Policy Commitment

All cocoa suppliers must acknowledge our Supplier Code. The Ferrero Supplier Code contains the key pillars of our Human Rights Policy Statement and engages suppliers on a journey of continuous improvement. It defines our minimum requirements and expectations to suppliers whom to that we have commercial relationships with.

To reinforce our commitment to sustainable livelihoods, human rights and environmental protection across cocoa value chain, we have recently published our Cocoa Charter and Cocoa Action Plan. The Charter set out the cocoa specific minimum requirements our suppliers must meet in full alignment with the Supplier Code. In addition, the Charter outlines the commitment we are willing to put forward to further improve the conditions of our cocoa supply chain ('Going Beyond'). The Action Plan outlines how we will work towards our ambitions.



Find out more about
our Cocoa Charter

Due diligence

Thanks to our traceability and responsible sourcing supplier risk management processes, we can now demonstrate traceability for almost 100% of the cocoa we source and associated responsible sourcing risks on environment and human rights. Meanwhile, ongoing due diligence is based on a continual loop of assessment, third-party audits and remediation with a combination of preventative interventions (when non-compliances are identified in audits or assessment) or remedial actions (after incidents have occurred). At cocoa community level, we are committed to protecting children from the risks of child labour. Our Child Labour Monitoring and Remediation Systems (CLMRS) involves field officers and community agents who monitor cocoa farmer households in West Africa to identify children at risk of child labour. When cases of child labour are found, they are reported to the responsible authorities and a solution for the child is developed together with the parents. For more on remediation processes addressing child labour in cocoa sourcing, see more about our CLMRS (see next page) and supply risk management on our sustainability report.

Stakeholder engagement

With 2021 declared the International Year of Elimination of Child Labour, we stepped up our actions with a pledge to the ILO and work with the International Cocoa Initiative and the World Cocoa Foundation – two major industry initiatives driving collective systemic change. We also engage with certification standards, non-profit organisations, suppliers and cooperatives to tackle child labour. For example, since 2014, this award-winning partnership has enabled cooperative members to establish child labour committees that monitor risks and propose

remediation and prevention measures (e.g. assistance with school fees and materials or constructing new schools, latrines and water pumps). Since the start of the partnership, the cooperatives have steadily increased the premium spent on social impact, an important indicator of greater livelihood security. This success has attracted new cooperatives to join, allowing ECOOKIM to grow further and become a beacon for wider change.

Community development

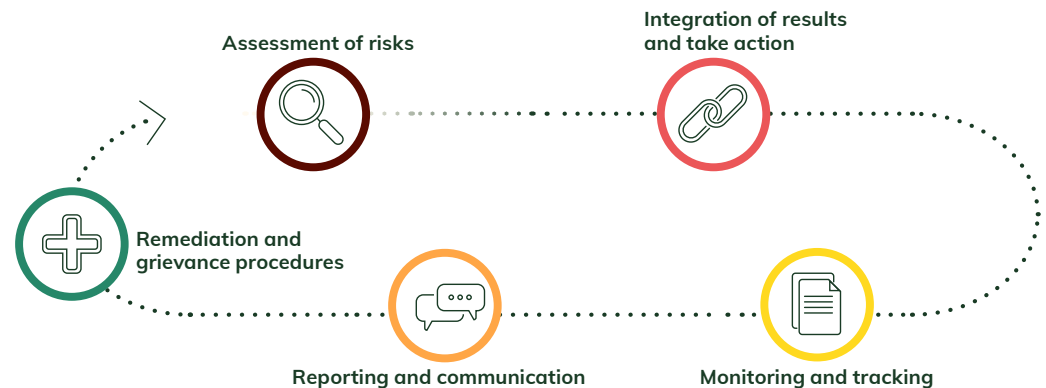
We support families in cocoa growing communities through an integrated approach with different areas of intervention at the household, community, regional and national level and in collaboration with key partners. Given the critical role of women as agents for economic, environmental and social change, and for ensuring child protection, we have a strong focus on women empowerment.

Overall, our community development programmes in Côte D'Ivoire and Ghana have enhanced livelihood security for around 28,500 people, primarily women, via 937 village savings and loans associations to set up small business, pay school fees,

etc. We have recently renewed the long-term strategic partnership with Save the Children to implement a programme in Côte D'Ivoire of community development, child protection, access to quality education, food security and socio-economic empowerment of adolescents and youth. The project will reach 15,000 children in 65 cocoa communities and will contribute to the National Action Plan Against Child Labour. We continually monitor and review the project approach and activities.

Advocacy for systemic change

Finally, we are tackling environmental related human rights challenges too. Joining forces with sector peers alongside Fairtrade International and the Rainforest Alliance, we are pushing for EU legislation on mandatory human rights and environmental due diligence in cocoa supply chains. Together, we are calling for a framework for delivering positive environmental impact, which will drive change in critical markets including Ghana and Côte D'Ivoire. As described on pages 13 and 21, taking action on environmental issues like these supports the rights of thousands who depend on healthy forests for the livelihood and subsistence resources.



Salient issues

Salient issues 1 to 10 in action

ADDRESSING CHILD LABOUR IN WEST AFRICA

1 Child labour

In Côte D'Ivoire and Ghana, the source of much of our cocoa, we have made children's rights a central pillar to our sustainability programme. Here, child protection systems (Child Labour Monitoring and Remediation Systems (CLMRS) or equivalent) have been set up to uncover and report risks and to find solutions that do not harm children or their families. Where child labour is found or when abuse and violence are identified, the cases are followed up for further investigation. Solutions may include assisting in issuing birth certificates and facilitating access to social services or schools.



Jump to our feature story on cocoa

96%

(2020/21)

of cocoa farmer groups supplying Ferrero globally were covered by a child protection system (CLMRS or equivalent) at the end of our last financial year (2020/21).

IN COALITION FOR SYSTEMIC DUE DILIGENCE

2 Forced labour

As one of 29 companies within the CGF Human Rights Coalition (HRC), in 2021 we committed to implement and improve our due diligence to root out and remedy risks of forced labour in our operations. We also contributed to a new framework on forced labour and human rights due diligence, which involved sharing experiences with other consumer goods businesses and stakeholders across civil society and government.



Download the CGF Forced Labour-focused Human Rights Due Diligence in Own Operations Maturity Journey Framework

Salient issues

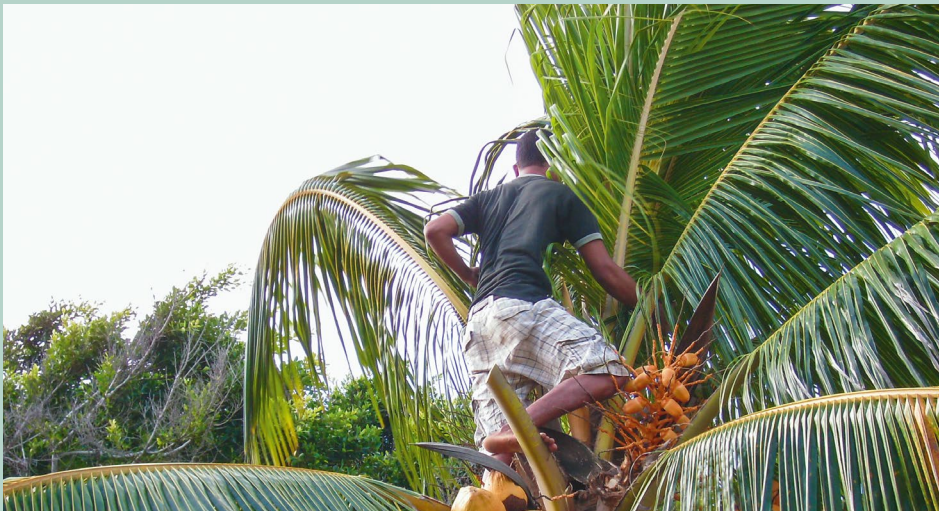
PROTECTING MIGRANT WORKERS IN PALM OIL SUPPLY CHAINS, MALAYSIA

2 Forced labour

In Malaysia, where much of the world's palm oil originates, social and environmental issues have rightly been under heavy scrutiny from the global community. We source 100% RSPO Certified Segregated palm oil, meaning that it is verified to have been produced under principles that support the fundamental rights of individuals and communities across the supply chain. With our Palm Oil Charter, we go even further, aligning with detailed standards set by the Palm Oil Innovation Group, the High Carbon Stock Approach and the Free and Fair Labour in Palm Oil Production: Implementation Guidance. And, with forced labour inextricably linked with migrant labour, we have commissioned third-party assessments of supplier practices in order to establish remediation plans.



Download the Ferrero Palm Oil Charter



CERTIFIED CANE SUGAR SOURCING

3 5 Fair wages / Diversity and Inclusion

For far too long, sugar cane cultivation has been associated with poor working conditions and low wages the world over. At Ferrero, we have sourced sustainably for more than a decade via Bonsucro, a leading global sustainability platform and standard for sugarcane, convening over 270 members from more than 50 countries to address critical challenges in the sugarcane sector and drive both performance and impact through a system of sustainability standards.



Find out more in our latest sustainability report

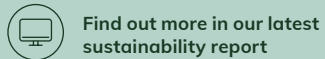


Salient issues

A FAIR REWARD FOR SHEA HARVESTING, WEST AFRICA

3 5 Fair wages / Diversity and Inclusion

Due to the seasonality of shea in the Sahel region of West Africa, many farmers (primarily women) face fluctuating incomes. Through our membership of the Global Shea Alliance and alongside our main supplier AAK, we are backing Kolo Nafaso, an initiative that offers women interest-free micro loans, training and pre-financed direct trade opportunities. With more than 350,000 women reached so far, the programme is now externally verified by Proforest.



Find out more in our latest sustainability report



Jump to Diversity and inclusion



THE FERRERO HAZELNUT CHARTER

1 2 4 Child labour / Forced labour / Working hours

Our vision is to be a driving force behind a hazelnut industry that creates value for all. With the seasonal hazelnut harvest in Turkey attracting migrant workers, the risk of long working hours is a reality. It is why we are working with the ILO in-country to bring together national, regional and local authorities with civil society and private sector organisations. Today, we have a team of more than 100 people on the ground delivering actions against 2024 targets.

This work is one example of commitments made within the Ferrero Hazelnut Charter. Developed in partnership with the Earthworm Foundation, it details our ambition and our commitment under three pillars:

- 1 Human Rights and Social Practices
- 2 Environmental Protection / Sustainability
- 3 Supplier Transparency



See the Ferrero Hazelnut Charter



Our Ferrero Farming Values (FFV) is key to putting the Hazelnut Charter into practice. As part of FFV, we have a team of more than 100 people on the ground in Turkey engaging with farming communities.



We know that we can achieve more together. We are working with the ILO and other relevant organisations to drive meaningful change.



We are committed to enabling farming practices that work better with nature. In Italy, we support farmers to implement integrated strategies towards pest management, including biological control.



Our Agrifarms in Chile and Serbia have been certified under the Sustainability Grown standard. Our Agrifarms are key to working towards demonstrating the benefits of regenerative agriculture.



Our hazelnuts come from different parts of the world. The main origins are Turkey, Italy, Chile and USA. We are committed to achieving full traceability of our hazelnuts.


Salient issues

BACKING THE WOMEN BEHIND SAL BUTTER

5 Diversity and inclusion

Sal seeds, which we source from trees in India to make certain chocolate products, are a key source of livelihood for many local people, particularly women from indigenous communities. We are working alongside our Sal supplier to support thousands of women's self-help groups across forest villages as part of our commitment to sustainable sourcing of this ingredient.



 Find out more in our latest sustainability report

EMPOWERING OUR FEMALE TALENT

5 Diversity and inclusion


We publicly support Catalyst, a global non-profit that helps accelerate women into leadership. Any employee at Ferrero can access Catalyst's pioneering research and practical tools for their individual career growth, inclusive leadership skills-building and organisational change efforts. Catalyst has also participated in our D&I month and delivered an expert talk about gender equity at workplace. In 2021, we published a new Global Parental Policy that supports employees and their families as part of our diverse and inclusive culture. By 2023, any employee, anywhere in the world, that welcomes a new child into their family, will enjoy a global minimum leave, enabling primary caregivers to take 16 weeks of paid leave, while accompanying caregivers will be entitled to four weeks' paid leave.

We have also conducted a gender pay equity analysis across our workforce and a gender focused operational management review including a target of female in the pipeline and acceleration plans to prepare women to advance their career such as Women in Finance Programme.

KEEPING KIDS' SAFE IN THE 'PHYGITAL' WORLD

8 10 Privacy / Rights relating to consumer health and responsible marketing

At Ferrero, we never knowingly collect personal data from children under 16 and children's privacy even extends into our product development. Knowing that children have become adept at switching between digital and physical (phygital) worlds, Kinder Prodotti Sorpresa launched Applaydu, a disruptive playing experience designed with Gameloft and Oxford University to support children's development, while being fully certified against the Children's Online Privacy Protection Act (U.S).

 Find out more in our latest sustainability report




Salient issues

STAYING SAFE THROUGH COVID-19

7 Health and safety


Throughout the pandemic, a coronavirus monitoring team at group level has overseen all preventative and control measures. We also established a special task force for the procurement of personal protective equipment across all premises for employees. Hearing early employee concerns around mental resiliency through this challenging time, we established a global wellbeing programme as a holistic framework of 16 initiatives across healthy habits and behaviours; emotional and mental resilience; safe and secure workplaces; and a sense of belonging (both within the workplace and by volunteering in the community). Finally, we have a new employee assistance programme that offers a range of mental, physical, social, and financial wellbeing support services. Accessible to all employees and their immediate family members, the programme offers timely, qualified assistance and psychological support to help manage work and life challenges. Phone hotlines are available 24/7 with experts and counsellors on standby to address personal and/or work-related problems.

 Find out more in our latest sustainability report

EUROPEAN WORKS COUNCIL GOES VIRTUAL

6 7 Freedom of association and collective bargaining / Health and safety


In light of Covid-19, we were prompted to find innovative ways to ensure the continuity of our European Works Council in 2021¹. This included virtual seminars and training courses moderated by a neutral third party. We even held the annual Institutional Meeting on an online platform with real-time translation into five languages. During the meeting, participants jointly agreed to renew for five years the Council's founding agreement, positively impacting more than 18,500 employees (more than half of our direct workforce).

 Find out more in our latest sustainability report

KINDER SURPRISE: SAFETY FROM DESIGN TO PRODUCTION

10 Rights relating to consumer health and responsible marketing

Any Kinder Surprise toy reaching the market will have undergone preventative safety assessments during its design and prototyping. These assessments are conducted with the assistance of accredited external laboratories and doctors, while a dedicated working group evaluates prototypes against stringent medical criteria.

 Find out more in our latest sustainability report




1 All companies with 1,000 or more workers and at least 150 employees in each of two or more EU Member States must establish European Works Councils to bring together workers' representatives (usually trade unionists) from all the EU Member States the company operates in, to meet with management, receive information and give their views on current strategies and decisions affecting the enterprise and its workforce.

Salient issues


STANDING UP FOR
THE ACTIVISTS9 Environmentalrelated
human rights issues

Environmental and human rights activists the world over experience harassment, threats and violence in pursuit of their cause. It is why our latest Human Rights Policy Statement specifically recognises these activists and the wider communities they represent, including condemning any harm posed to their safety and activities. We expect our suppliers to echo these principles.

 Find out more in our latest sustainability report

CLIMATE
SMART COCOA9 Environmentalrelated
human rights issues


Climate Smart Agriculture is an integrated approach to climate change mitigation and food security. We enable cocoa farmers in our supply chain to develop technical, policy, governance and investment skills through training in this method. So far (FY2019/20), 3,991 farmers have received additional income through Payments for Environmental Services agreements thanks in part to this training, supporting their livelihood and food security in a climate resilient landscape.

 Find out more in our latest sustainability report

COMMITMENT TO TRANSPARENT LABELLING

10 Rights related to consumer health and responsible marketing

Alongside reformulating our products, we apply strict standards around responsible marketing and communications. These include applying the framework for responsible food and beverage communication, as adopted by the International Chamber of Commerce, as well as IFBA Principles for a Global Approach to Fact-based Nutrition Information. We take EU regulations on front of pack nutritional information beyond our European markets, displaying energy value and – when appropriate – nutrients per portion and/or per 100 g of product, as well as an indication of what this amount represents as a percentage of an average person's daily dietary needs. In countries where a recognised reference intake value does not exist or is not permitted, only the calorie content per 100 g and/or per portion is displayed on our packaging.

 Find out more in our latest sustainability report



Driving accountability

Our vision is for human rights considerations to be fully embedded within day-to-day business processes. This is why we are working hard to build a culture in which risks are addressed systematically, from head office to farm. This begins with establishing clear structures of governance and ensuring that all of us here at Ferrero – and those we work with – understand why and how we are tackling this agenda.

Our Group Leadership Team has executive oversight for delivering on our human rights principles, while a Sustainability Operative Committee comprises cross-departmental managers from operations, human resources, brand social responsibility, risk management, corporate communications, institutional affairs and responsible sourcing. The committee is engaging with stakeholders within and beyond Ferrero to drive and cascade actions and accountability locally and regionally, informing our Group's corporate social responsibility and sustainability function and ensuring the consistency of our human rights approach. As part of our global line manager excellence programme, all Ferrero line managers (at global, regional and local levels) receive training in accountability for all company policies and practices.

We expect our business partners to uphold our Supplier Code. Suppliers must meet the clear human rights expectations in our Supplier Code, which mandates human rights due diligence and engagement further along the chain to sub-suppliers and subcontractors.

Where non-compliance is identified among our suppliers, remedial action plans are established alongside the supplier. If these actions are not carried out accordingly, we take necessary measures to resolve the issue, including considering the termination of the business relationship. Enabling factors in supply chain engagement include where we source directly from producers (shorter the supply chains giving us more leverage to address issues) and investing in long-term relationships in the supply chain to build lasting cooperation and engagement.



Find out more about how we source ingredients responsibly

Building internal capacity

We are embedding human rights within our responsible sourcing strategy, starting with ensuring the traceability of all of our main raw materials, with external verification by internationally recognised standards, such as the RSPO, UTZ, Fairtrade, FSC and Bonsucro, among others. Meanwhile, we are monitoring and refining due diligence processes to better identify, assess and prioritise human rights risks, including annual ethical audits for all manufacturing plants using the SMETA methodology against the Ethical Trade Initiative Base Code and local laws.

In collaborating with partners for a systematic and robust approach to salient issues, we not only mitigate supply and reputational risks, but we also engage our workforce and attract future talent by demonstrating responsible business practices. In order to engage further internally and build an enabling working environment that recognises and continually improves how we implement human rights due diligence, we are stepping up training, starting with buying and sustainability teams. Currently, Ferrero buyers are trained in the Supplier Code, while those in key sustainability roles participate in deeper-dive human rights workshops. We will steadily deepen and broaden this training to more employees.

Finally, we are focused on building transparency by enhancing internal and external reporting, including via our intranet Forward, annual sustainability report, corporate website, publicly available policies and modern slavery statement (in the UK and Australia). Expanding commodity-specific charters holds us to stakeholder scrutiny, while setting a clear path forward on human rights issues, traceability, auditing and transparency.

EMPOWERING A 'SPEAK-OUT' CULTURE

The Ferrero Integrity Helpline is for reporting issues in relation to our code of ethics and/or our code of business conduct confidentially. It is open 24-hours a-day, 365-days-a-year and can be accessed in 43 languages.

It is managed by a third party, Convercent, and once a report has been submitted to Convercent, it is immediately made available to the Ferrero steering committee for review.



Access the Ferrero integrity helpline

In partnership for continual improvement

After years of human rights work within Ferrero, this report has shown that there is much to do in order to achieve a fully strategic, robust and targeted approach across the 10 salient issues.

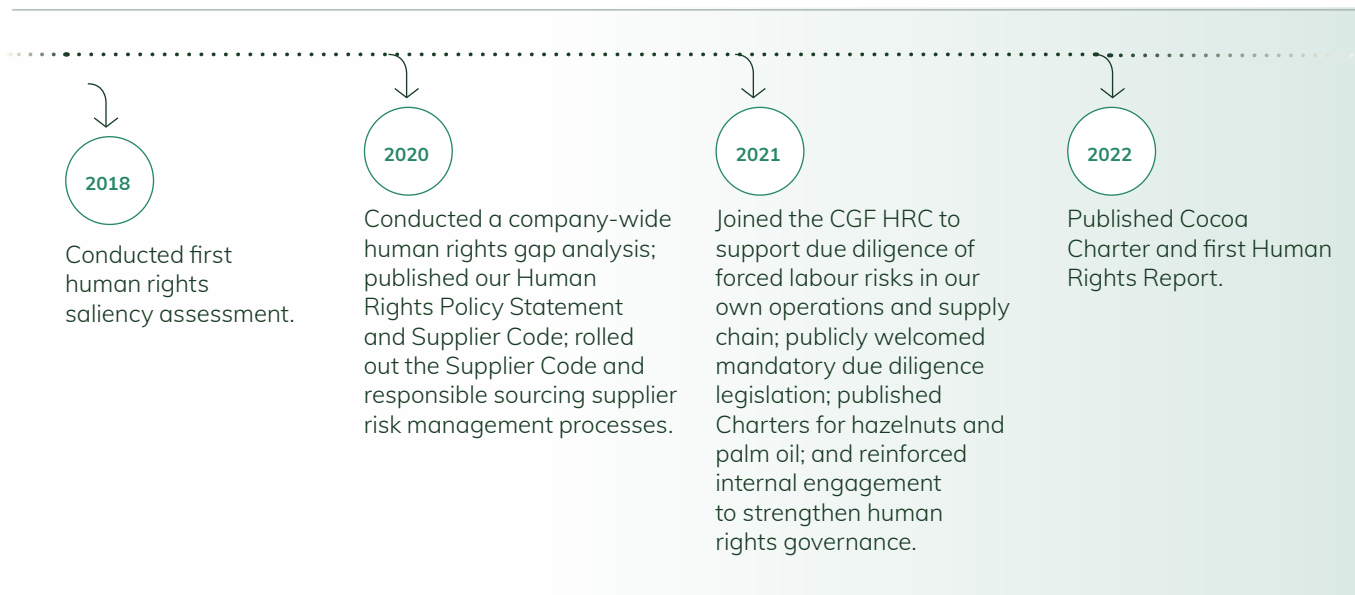
The next 12 months will be critical in terms of rolling out the processes, systems and programmes that we have found to be impactful.

We will also continue to refine them to local settings and specific human rights challenges and their root causes. Of course, effective due diligence implementation depends on the maturity of the enabling environment. This is why we continue to invest in a working culture in which human

rights considerations are part of daily activities and will continue to assess our actions to evaluate the effectiveness of our approach. This work is built on strong foundations of a family business, clear values and decisive decision-making and governance structures. Together, these support the integration of due diligence and remediation practices among many thousands of employees and suppliers operating in diverse countries.

Equally important to our commitments within Ferrero are those we have made to our strategic partners. We will continue to work together to understand human rights risks and contexts, drive improvements and scale what works for convergence and, ultimately, systemic change. We will also join forces with more local expert organisations where this is helpful, as has been seen in our hazelnut work in Turkey for instance. For our partners we are engaging with on this journey, please see our sustainability report.

Recent milestones



Next steps

- Review human rights related policies including setting up a review process.
- Continue to roll out, track and assess our actions and improve our responsible sourcing supplier risk management.
- Strengthen audit programme and roll out CGF due diligence plan in our own operations.
- Build internal capability, including human rights workshops for the Sustainability Operative Committee.
- Strengthen human rights grievance and remediation mechanisms.
- Deepen local strategic partnerships on specific commodity and country challenges.
- Continuously review our activities and programmes to access the effectiveness of our approach and inform our path forward.

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