

Ferrero UK Limited Modern Slavery Report (FY 2020-2021)

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I. Statement

Ferrero UK Limited, a subsidiary of the ultimate parent company Ferrero International Limited S.A. (collectively referred to herein as "Ferrero" or the "Ferrero Group") is committed to and fully support the goals of the Modern Slavery Act 2015.

II. Overview

Ferrero began its story in the little town of Alba in Piedmont, Italy, in 1946. Today, with a consolidated turnover of over 11.4 billion euros, Ferrero is amongst the leaders of the *Sweet Packaged Foods* market worldwide. The Ferrero Group is present throughout the world with more than 41,000 people and 31 production plants.

Ferrero produces many iconic brands that are loved by generations and sold in more than 170 countries these include; Nutella, Ferrero Rocher, Tic Tac, Kinder and Raffaello. Our diverse range of products is produced by a value chain across the globe – from sourcing raw materials to the end of life of our products. To make our products, we source raw materials such as cocoa, palm oil, hazelnut, sugar, milk and eggs, relying on long term relationships with suppliers. Find more details [here](#)

- [Our Approach | Ferrero Sustainability](#)
- [Documents | Ferrero Sustainability](#)
- Ferrero's first Human Rights Report which represents the basis of this submission will be uploaded to the Document webpage where readers can be referred to later in 2022.

The company has been built by generations of people who share a commitment towards continuous improvement to achieve the highest quality and care, this is at the heart of everything we do for our consumers and the communities in which we operate. Our core values provide the foundation for our purpose and are a guiding force for our people and suppliers as our family company continues to grow.

With a vision towards sustainability, improving the conditions of rural areas and the communities where raw materials are sourced, Ferrero has an umbrella programme on the group's engagement in sourcing sustainable raw materials. Learn more in our Sustainability Report ([here](#)).

This report has been produced pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement and report for the financial year ending 31 August 2020. It was approved by the board on Friday 11th February 2022.

III. Our Human Rights Approach

Together with our company values, our respect for human rights guides our strategy, policies and everyday activities across our own operations and supply chain.

We strongly respect and promote human rights along our value chain, adhering to the Ten Principles of the United Nations Global Compact. We are committed to preventing, mitigating and addressing any adverse impact of our operations and supply chain through a due diligence-based approach. Our approach is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Bill of Human Rights, and the International Labour Organization (ILO) Fundamental Labour Conventions.

Meaningful stakeholder engagement is fundamental to our human rights approach. We are committed to working with our employees, business partners and relevant stakeholders on a journey of continuous improvement, and strongly believe it will benefit us, our business partners and all communities affected by our operations.

We implement a due diligence-based approach by identifying, preventing, mitigating and addressing any adverse human rights impacts we may cause, contribute to, or are directly linked to our operations, products or services through our business relationships in the value chain. As human rights issues are systemic, we expect our business partners to take appropriate steps and measures to do the same.

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

1. **Assess:** identifying, assessing and prioritizing 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

We are determined to eliminate all forms of modern slavery, forced, compulsory and prison labour and child labour.

1. Codes and Policies

Our Code of Ethics, Code of Business Conduct, Human Rights Policy Statement and Supplier Code guide our human rights commitments within our own operations and influence business partners' actions across supply chains. Our Codes and internal policies are regularly reviewed and updated.

a) Ferrero's Code of Ethics

Our Code of Ethics identifies the guiding principles for the resources that operate in and for Ferrero and defines the fundamental obligations for associates and our stakeholders.

b) Ferrero's Code of Business Conduct

Our Code of Business Conduct establishes standards applicable to "business to business" relations, in conformity with the Ferrero Code of Ethics.

c) Ferrero's Human Rights Policy Statement

Our Human Rights Policy Statement (updated in early 2022) sets expectations on human rights respect to internal employees and external business partners regarding the 10 salient human rights areas, including forced labour, where we prioritize our human rights due diligence effort across our value chain.

d) Ferrero Supplier Code

Our Supplier Code outlines what responsible sourcing means for Ferrero, our priorities, and our engagement with suppliers on implementing our 3 responsible sourcing pillars: Human Rights and Social Practices, Environmental Protection and Sustainability and Supplier Transparency. Our Code includes provisions against child labour, forced, bonded and compulsory labour and requires our suppliers to carry out due diligence in their supply chains.

e) Reporting Issues

Our employees and business partners are encouraged to report violations or concerns of the Codes. The Ferrero Integrity Helpline was set up to enable Ferrero Group employees and those who work with us to ask questions and report issues in relation to our Codes and Policies.

The helpline allows issues to be reported to Ferrero confidentially and, where local law permits, anonymously. It is accessible 24-hours-a-day, 365 days-a-year in 43 languages via a website and toll-free/local numbers in 55 countries where Ferrero operates. Reports are collected by a third-party and made available to a Ferrero Steering Committee, composed of members of the Group's Management Team, for review and investigation.

2. Our Activities in Addressing Human Rights Issues

Ferrero undertakes on-going human rights due diligence activities to identify, prevent, mitigate and address any actual and potential adverse human rights impacts in our operations and supply chains. We do this through engagement, collaboration and partnerships with business partners.

In 2018, we collaborated with the business and human rights excellence centre Shift, conducting a company-wide human rights approach assessment as part of our due diligence activities. This

was used to identify the actual and potential impacts that Ferrero could have on human rights and prioritize the severity and likelihood of those identified impacts in our value chain. The assessment also reviewed our approach to human rights through policy and document analysis, stakeholder interviews and workshops. 10 salient human rights issues were identified from this assessment:

1. Child protection and no child labour
2. No forced, bonded and compulsory labour
3. Fair wages
4. Working hours
5. Diversity and inclusion, including no discrimination and 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

Since then, Ferrero has extended its collaboration with Shift and joined its Business Learning Program to implement its recommendations to continuously improve our human rights due diligence approach.

a) Our Own Operations

In our own operations, Ferrero takes steps to identify potential human rights issues and monitor our labour and human rights practices through implementing a third-party ethical audit programme. Our operations plants undergo a yearly audit to verify the four-pillar standard within the Sedex Members Ethical Trade Audit (SMETA) approach - a methodology using best practice ethical audit techniques to help auditors conduct high quality audits that encompass all aspects of responsible business practice of labour, health and safety, environment and business ethics.

In 2021, we joined the Consumer Goods Forum (CGF) Human Rights Coalition (HRC) and committed to implement and improve our due diligence on forced labour risks in our own operations through industry collaborations.

b) Our Supply Chains

Our responsible sourcing approach is built around traceability, certifications and standards, supplier responsible sourcing management and partnerships and collective engagements.

We carefully assess the risks and opportunities for each raw material to identify the best way to source it sustainably. We apply a deep understanding and knowledge of our ingredients including their origins, the stakeholders involved and the processes they undergo.

We also believe the integration of our responsible sourcing approach is integral to achieving our human rights and responsible sourcing commitments. We provide our buyers relevant tools and trainings, such as training on the Supplier Code.

i. **Traceability and Certifications**

We can only meet our responsible sourcing commitments including human rights if we know from where our raw materials originate and how they were produced.

Traceability is essential to build a fair and sustainable supply chain and to mitigate potential issues such as forced labour and modern slavery. We expect our suppliers to address this topic with equal care.

Farmer mapping is an important tool for improving the traceability and sustainability of raw materials like cocoa, palm oil and hazelnuts. Knowing the locations and size of farms makes it possible to trace raw materials to farm gate level. This allows us to know where raw materials were grown, by whom and how – so that we can target our interventions to support sustainable livelihoods and ensure we do not source from farms where there are risks of issues such as deforestation, child labour, forced labour and modern slavery. Certifications schemes, when available and robust, are complementary to our approach.

ii. **Responsible Sourcing Supplier Risk Management**

Responsible sourcing supplier risk management enables us to find ways to measure and improve the responsible business practices of suppliers to address issues of human rights, labour conditions, environmental protection and transparency. It is an on-going process that includes risk and opportunities analysis, compliance and improvement, and capability building.

Each supplier is required to acknowledge our Ferrero 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 we have commercial relationship with. Suppliers are assessed to identify, prevent and mitigate related risks.

Our due diligence-based approach comprises three steps: prioritisation, assessment and verification/ audit. Depending on the results and risk categories, we may ask suppliers to undergo internal or third-party audit and assessments – such as risk and impact assessments, certification and accreditation – to ensure they are operating in line with our standards.

Among other tools, since 2015, we have been working with the Supplier Sustainability Assessment platform EcoVadis and the third-party audit management platform Sedex.

To reinforce our commitment to sustainable livelihoods, human rights and environmental protection across our supply chain, we have developed Commodity Charters (e.g. Cocoa, Hazelnut and Palm Charters) which vertically cover Ferrero's requirements and commitments for a specific spend category.

These Charters set out specific minimum requirements our suppliers must meet in full alignment with the Supplier Code and due diligence process and define which sustainability certifications and standards we require for that specific spend category. In addition, the Charter outlines the commitment Ferrero is willing to put forward to further improve the conditions of our supply chain ("Going Beyond"). The Action Plan outlines how we will work towards our ambitions.

To learn more about our Commodity Charters and Actions Plans, see [here](#).

iii. Partnerships and Collective Engagements

Partnerships are critical to addressing complex human rights issues and we collaborate with a variety of stakeholders – including business partners, international organisations, governments and NGOs – to tackle actual and potential issues in our supply chain.

AIM-Progress: Ferrero is an active member of AIM-Progress, a consumer goods manufacturers and suppliers forum that promotes human rights best practices in responsible sourcing. We support the process of mutual recognition of supplier audits and assessments to reduce assessment duplication and fatigue, and share challenges and best practices with members on human rights due diligence implementation in supply chain including the topics of modern slavery, responsible recruitments, etc.

Consumer Goods Forum (CGF) Human Rights Coalition: Ferrero joined the CGF Human Rights Coalition in 2021. The Coalition is committed to working to end forced labour in the consumer goods industry and drive collection actions to implement the Priority Industry Principles to eradicate forced labour in own operations and supply chains.

Sedex: Ferrero is a member of Supplier Ethical Data Exchange (Sedex), a global non-profit membership organisation and a collaborative platform for sharing data on supply chains. We use its SMETA methodology to assess our suppliers covering four key areas: labour standards, health and safety, environment and business ethics. We also engage with Sedex and other members to find common solution to addressing specific human rights issues such as modern slavery.

EcoVadis: Ferrero partners with EcoVadis, a supplier sustainability assessment platform, to monitor risks and rate the environmental, ethical and human rights practices, including modern slavery, of suppliers.

In 2020, Ferrero joined the [Tropical Forest Alliance coalition](#) advocating for a smart mix of measures to foster sustainable supply chains, including the introduction of mandatory due diligence legislation covering human rights and environmental impacts.

Partnerships and Collective Engagement in Key Raw Materials Supply Chains

Cocoa

Ferrero is a long-standing member of the World Cocoa Foundation (since 2005) and the International Cocoa Initiative (since 2008). We are a founding member of CocoaAction and the Cocoa & Forests Initiative (see here our [Action Plan](#) on key principles and strategies that underpin socially and environmentally sustainable cocoa production). Through collaborative efforts, we engage with these industry and sectoral partners to address and find common solution to tackle forced child and adult labour issues. Ferrero also joined a [coalition](#) of like-minded stakeholders advocating in support of mandatory human rights due diligence.

We also work with partners such as Save the Children to implement Child-Centred Community Development programmes on the ground. The objectives of the collaboration are to put mechanisms in place to protect children, mitigate child and forced labour, and provide opportunities for children through access to quality education, basic facilities like water, sanitation and hygiene (WASH), and good nutrition.

In early 2020, we announced our intention to join forces with a strong coalition of the government of Côte d'Ivoire, leading cocoa and chocolate companies, the Jacobs Foundation and further philanthropic partners to tackle the root causes of child labor in Côte d'Ivoire.

Palm Oil

We are a member of RSPO (Roundtable on Sustainable Palm Oil) and POIG (Palm Oil Innovation Group). Through these platforms, we advocate in support of reforms to make sustainable palm oil the norm and we engage in discussions on addressing issues of migrant workers, forced labour and responsible recruitment to drive industry collaboration.

Hazelnuts

Since 2012, we actively participate in the Public-Private Partnership (PPP) project under the membership of CAOBISCO (the European Association of Chocolate, Biscuits & Confectionery Industries) with the International Labour Organization (ILO) on eliminating of the worst forms of child labour in seasonal agriculture in hazelnut harvesting in Turkey. The objective is to improve the labour condition in the Turkish hazelnut sector through collaboration.

In November 2020, we established a partnership with the ILO to implement a 40-month project in Turkey to contribute to the elimination of the worst forms of child labour in seasonal agriculture in hazelnut harvesting.

This partnership is complementing the CAOBISCO initiative and allowing Ferrero to cover 100% of its sourcing regions in Turkey with ILO specific mitigation programs

Ferrero is also partnering with Earthworm Foundation, a non-profit organisation focused on positively improving value chains, on evolving its responsible sourcing approach for hazelnuts.

Learn more from our [Sustainability Reports](#).

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