

# Ferrero UK Limited Modern Slavery Report (FY2022 -2023)

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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 17 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 47,000 people and 37 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.

- [Our Approach and Documents | Ferrero Sustainability](#)

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 2023.

### 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.

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 strongly respect and promote human rights along our value chain. Our human rights approach aims to provide better outcomes for people and communities, focusing on vulnerable groups such as children, women, migrant workers, indigenous people and communities, and underrepresented populations. It is guided by the Ten Principles of the United Nations Global Compact, 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

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. Having joined 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. Ferrero shares learnings and challenges with peers from the programme.

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.

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

#### IV. 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](#) 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.

### V. Our Activities in Addressing Human Rights Issues

#### a) 2018 saliency assessment

To strengthen our human rights approach, we work with [Shift](#), the leading centre of expertise on the UN Guiding Principles. In 2018, Shift identified the ten main human rights risks that occur across our value chain, and on which we focus our efforts.

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.



Source: Ferrero Sustainability Report 2023 p72

**b) Our approach**

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.

During this reporting period, we analysed our supply chains and operations to identify modern slavery related risks and established a risk register of the key risk areas identified. We continuously assess and monitor modern slavery related risks in our own operations and supply chain.

## OUR EFFORTS

### INDICATORS AS PER FY 2022/23

#### SUPPLIER CODE ACKNOWLEDGEMENT

~21,000

Acknowledged/mutual recognition

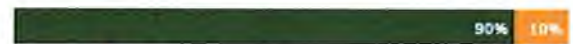


● Completed ● In progress

#### PRIORITISATION

~21,000

inactive supply base



● Low risk ● Medium risk and above

#### ASSURANCES/ASSESSMENTS

~1,200

medium risk and above

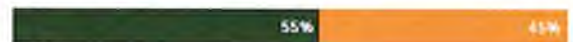


● Completed ● In progress

#### AUDITS PLANNED

~130

on Due Diligence projects



● Completed ● In progress

Source: Ferrero Sustainability Report 2023 p37

### c) Key milestones

- On strengthening our human rights related policies and their implementation, particularly on child labour prevention and mediation, we have collaborated with Save the Children and The Center of Child Rights and Business to develop and pilot a Child Labour Prevention and Remediation Guidelines in Cocoa.
- As part of the CGF Human Rights Coalition, we activated the roll out of an enhanced ethical-audit programme focusing on forced labour in our manufacturing sites, aligning with the CGF HRC industry human rights due-diligence framework.
- We have conducted 3 workshops in 2022 on human rights with the Sustainability Operative Committee in collaboration with Shift. The objective of the workshop was to build internal capability in human rights with senior leaders.

### d) 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.

### e) 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 nonprofit 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

Ivory Coast and Ghana, two neighbouring countries in West Africa, together account for about 65% of global cocoa production, produced by about 2 million mainly smallholder farmers. We source most of our cocoa from these two countries, complemented by Nigeria, Cameroon, Ecuador, and Colombia. The full list of our cocoa suppliers and farmer groups is accessible [here](#).

The challenges in the cocoa supply chain, especially in West Africa, are complex. Many farmers live in poverty, which is one of the root causes of other systemic issues, including child labour, forced labour and deforestation.

Breaking the poverty cycle and supporting farmers in making cocoa farming a profitable and sustainable business is key to improving livelihoods. But to be successful, we need a smart mix of initiatives, including those aimed at increasing farms' resilience to climate change, empowering women, providing children access to good education, and holistic community development programmes. No stakeholder can solve these complex issues alone. We are therefore collaborating closely with industry, government, civil society and others to address agricultural, social, environmental and business issues in cocoa farming.

Ferrero is a long-standing member of the World Cocoa Foundation and the International Cocoa Initiative). We are a founding member of Cocoa & Forests Initiative (see [here](#) our Action Plan on key principles and strategies that underpin socially and environmentally sustainable cocoa production), which aims to tackle deforestation and land degradation in Ivory Coast and Ghana. Ferrero is also one of the partners of the Child Learning and Education Facility (CLEF) – a public-private partnership between the Ivorian government, industry and donors that through an innovative approach aims to provide children in cocoa-growing communities in Ivory Coast access to quality education.

A key priority is to know who and where our suppliers source our cocoa from, and the conditions it is produced under. This supply chain visibility is essential, to assess if there are any non-compliances we need to address, or actions we need to take to improve conditions.

### Palm Oil

We remain committed to sourcing RSPO certified segregated palm oil traceable back to plantation. For the total palm oil volumes sourced by the Ferrero Group (Ferrero core brands and acquired brands (Eat Natural, Fannie May, FMC (former Nestlé US confectionery business), ICFC, former Kellogg's cookies, crust and cones, Thorntons), between July 2022 to June 2023, 96.9% was RSPO Certified Segregated and 3.1% RSPO Certified Mass Balance, with 98% total traceability to plantation. We decided to further increase transparency by disclosing on our website the full list of mills we source our palm oil from, which is accessible [here](#).

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

Our hazelnuts come mainly from Turkey, Italy, Chile and the U.S. Risks in the hazelnut supply chain arise from several complex, systemic and deeply ingrained challenges in producing countries. For example, Turkey, among other places, attracts seasonal migrant workers who travel with their families and lack access to schools and childcare. This sometimes results in exploitation, such as bonded labour or child labour, poor working conditions and inadequate accommodation.

Traceability is another challenge. Hazelnuts are grown mainly on small family orchards, so large-scale use of them can involve highly complex supply chains with a variety of intermediaries and data-processing systems. We are working to increase supply-chain traceability and transparency through development programmes designed to fully cover our sourcing areas. Tracing our hazelnuts back to farm level gives us confidence in how they were grown, and enables us to support farmers and developing better social and environmental practices. We have achieved an overall traceability figure of 90% to farm gate for all our sourced hazelnuts, supported by the Sourcemap platform.

To achieve our aims regarding human rights social practices, we invest in various partnerships and projects. For example, we chair CAOBISCO (the European Association of Chocolate, Biscuits & Confectionary Industries) and work with the International Labour Organization (ILO) in Turkey. In November 2020, working with ILO, we started a 40-month project in Turkey to contribute to the elimination of the worst forms of child labour in seasonal agriculture in hazelnut harvesting. The partnership aligns with the Turkish government's strategy, aiming to build capacity, raise awareness and intervene where necessary. We focused initially on three hazelnut producing regions in Turkey, and the province of Sanliurfa, where many migrant workers come from.

We extended our CAOBISCO-ILO partnership to 2023, working now in five regions: Duzce, Sakarya, Ordu, Giresun and Samsun. We will also be investing 3.5 million euro to complement the CAOBISCO coverage through activities in Samsun, Trabzon and Zonguldak. In addition, we have launched several initiatives involving Turkish NGOs, to better involve local communities and target their needs more effectively.

In 2023, we achieved the following:

- We reached 4,518 children and 1,937 families.
  - We provided counselling and training sessions to 370 agricultural intermediaries.
  - We provided counselling and training sessions to more than 2,060 orchard owners.

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

This statement was approved by the board of directors and the management team, as the principle governing body, on 12 April 2024.

Signed



Name: Valentino Conti

Title: Director, Ferrero UK Limited

Date: 12 April 2024