

FERRERO UK MODERN SLAVERY ACT COMPLIANCE STATEMENT

FY 2017/18

Ferrero UK, managed under the parent company Ferrero International Limited S.A. (collectively “Ferrero”), is committed to and fully supports the goals of the Act. Ferrero’s commitment to the respect of human rights, together with its Company values, constitutes the basis of its policies and of its everyday activity. Ferrero confirms its strong determination to contribute to the elimination of all forms of slavery, human trafficking, forced or compulsory labour, prison labour, and child labour, starting from its worst forms. Moreover, Ferrero already strongly promotes human rights respect and has zero tolerance to any forms of human rights abuses along its value chain, through committing to the Ten Principles of the United Nations Global Compact and the United Nation Guiding Principles of Business and Human Rights, to which the Ferrero Group has officially adhered.

Exec summary

- Ferrero promotes the respect of human rights and does not tolerate child labour nor any form of slavery as stated in its [Code of Business Conduct](#).
- We are determined to prevent and eliminate child labour all along our supply chain, with the conviction that every child should be protected, by all possible means, from any form of exploitation.
- Child labour is an issue in West Africa, in the world’s two biggest cocoa producing countries Ghana and Côte d'Ivoire. It is a systemic issue whose root causes are a combination of social problems: poverty, and lack of basic education and societal awareness.
- We are convinced that to effectively tackle child labour a holistic approach that tackles the root causes of child labour and that involves sector-wide collaboration can bring change.
- This is why Ferrero has established its three pillar Ferrero Farming Values programme, which addresses child labour and social issues in the cocoa growing communities by
 1. Sourcing certified and traceable cocoa beans
 2. Partnering with farmer groups and NGOs in projects on the ground
 3. Developing joint actions with multi-stakeholder associations, involving industry, governments and civil society.

Ferrero action

Ferrero promotes the respect of human rights and does not tolerate child labour nor any form of slavery as stated in its [Code of Business Conduct](#). **We are determined to prevent and eliminate child labour** all along our supply chain, with the conviction that every child should be protected, by all possible means, from any form of exploitation.

Child labour is a risk in West Africa, in the world’s two biggest cocoa producing countries Ghana and Côte d'Ivoire. It is a systemic issue whose root causes are a combination of social problems: poverty, and lack of basic education and societal awareness

Ferrero is **aware of the issue and its causes, and we are strongly committed to tackling it**. While no company alone can solve the issue, we are convinced that a **holistic approach that tackles the root causes of child labour** and that **involves sector-wide collaboration** can bring lasting change.

This is why Ferrero has established its **three pillar Ferrero Farming Values programme**, which addresses child labour and social issues in the cocoa growing communities by:

1. Sourcing certified and traceable cocoa beans

Certification and traceability form the starting point of our cocoa sustainability approach as they provide a strong basis to achieve our overall objective: improving the livelihoods of cocoa farmers and their communities.

This document must be disclosed only to authorized individuals. Any reproduction and/or disclosure must be subject to information Owner prior consent.

Over the years we have supported thousands of farmers to become certified, which means among others that they receive training in Good Agricultural Practices and are sensitized on social issues like child labour and gender equality. Farmers also receive a premium that they can invest in their farm and to generate other sources of income.

Ferrero has committed itself to source 100% sustainable cocoa beans by 2020, which we mainly do via the following certification standards: [UTZ](#), [Rainforest Alliance](#) and [Fairtrade](#). We continue to be on track with our roadmap, reaching 77% by August 2018.

We are also mapping the farmers and farms in our cocoa supply chain. Tracing our cocoa beans back to where they are produced and understanding both the challenges and the opportunities our farmers face enables us to develop a more targeted approach.

2. Partnering with farmer groups and NGOs in projects on the ground

Ferrero, Fairtrade and Cooperative Union ECOOKIM Joint-Monitoring Programme

The partnership Ferrero established in 2014 with Fairtrade and the cooperative union [ECOOKIM](#) in Ivory Coast is an example of our approach to establish long-term sustainability projects with strong partners. In 2018 Ferrero received the [Fairtrade Award](#) for this successful partnership.

Through our support, ECOOKIM and its cooperatives are able to continuously invest in becoming more professional and resilient organisations providing strong support to their farmers and communities. With the use of the premium, the cooperatives have established Child Labour Committees which are set-up of cooperative members and young representatives from the communities. These committees monitor and identify risks, and suggest remediation and prevention measures like constructing schools, school canteens, latrines and water pumps, distributing school kits and providing farmers support with school fees. These measures have proven successful. After the inauguration of a school in 2017 in one of the cooperative's communities, the number of enrolled students increased by more than 30% in one year, 47% of the students being female.

The cooperatives also promote women empowerment through the set-up of Village Savings and Loans Associations and supporting women with income generating activities.

Since the start of the partnership, the cooperatives supplying Ferrero have each year increased the percentage of the premium spent on social activities. This is an important indicator that they are on the right track to become professional and resilient organisations. This success in turn has attracted new cooperatives to join, allowing ECOOKIM to grow further and become a lighthouse model for others.

Save the Children partnership

Our partnership with the NGO [Save the Children](#) started in 2016 and addresses 20 communities in Ivory Coast. The project aims at protecting children against the worst forms of labour, exploitation and violence, promoting community development and creating an enabling environment to child protection, education, livelihood and food security.

The purpose of the project is to be a sustainable development engine for these communities. It involves local authorities, institutions and other child protection relevant stakeholders, provides capacity building to cocoa cooperatives on the Children's Rights and Business Principles and supports child labor identification through community-based mechanisms and promotes child labor remediation through the formal child care system.

3. Developing joint actions with multi-stakeholder associations

The challenges and issues in the cocoa supply chain, in particular in West Africa, are complex and require a multi-stakeholder approach. For many years, Ferrero has been an active member of collective public/private platforms, such as the [World Cocoa Foundation](#) and the [International Cocoa Initiative](#).

Ferrero is for example one of the founding members of [Cocoa Action](#), a voluntary strategy launched in 2014 that aligns the world's leading cocoa and chocolate companies and that seeks to reduce the occurrence of farm-level practices that have in the past involved the use of children. Ferrero believes

This document must be disclosed only to authorized individuals. Any reproduction and/or disclosure must be subject to information Owner prior consent.

that Cocoa Action's strength lies in combining community development and farmer productivity with the intention of raising farm-level incomes, an approach that should see change in cocoa-growing communities and a reduction in the use of child labor in West Africa.

Ferrero will keep on communicating about its contributions to eliminate child labour on www.ferrero.com and through its Corporate Social Responsibility Report.

Ferrero also strongly supports the protection of the rights of children all over the world, endorsing and promoting the UN Guiding Principles of Business and Human Rights, the Ten Principles of the UN Global Compact, and in particular, the Children's Rights and Business Principles (CRBP), developed by UNICEF, Save the Children and the UN Global Compact.

For further information about our commitments on agricultural supply chains visit

www.ferrerocsr.com.

Salvatore Castelli

For and on behalf of Ferrero UK Limited

May 2019