

Ferrero UK Limited Modern Slavery Report (FY 2019 - 2020)

Contents

I. Statement	1
II. Overview	1
III. Our Human Rights Approach	2
1. Codes and Policies	2
a) Ferrero Code of Ethics	2
b) Ferrero Code of Business Conduct	2
c) Ferrero Human Rights Policy Statement	3
d) Ferrero Supplier Code.....	3
e) Reporting Issues.....	3
2. Our Activities in Addressing Human Rights Issues	3
a) Our Own Operations.....	4
b) Our Supply Chains.....	4
i. Traceability and Certifications	4
ii. Supplier Management	5
iii. Partnerships and Collective Engagements.....	5

I. Statement

Ferrero UK Limited and Thorntons Limited, as subsidiaries of the ultimate parent company Ferrero International Limited S.A. (collectively referred to herein as “Ferrero” or the “Ferrero Group”) are 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](#)

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, formulated as Ferrero-Agricultural Commitment to Sustainability (F-ACTS). Find more details [here](#).

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 5th February 2021.

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.

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 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 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 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.

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. All 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.

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.

Achievements in our Key Raw Materials Supply Chains

Cocoa: We source sustainably certified cocoa beans mainly via the following certification standards: UTZ Certified, Rainforest Alliance, Fairtrade. In 2020 we reached our target of 100% sustainable cocoa and 100% of our cocoa beans are traceable to farms.

Palm Oil: Ferrero became one of the first global companies to source 100% RSPO-certified segregated palm oil in all our products since 2015. The segregation model ensures that sustainable palm oil is kept separately from non-sustainable palm oil all the way along the supply chain, meaning it is traceable back to the plantations. The latest

list of our palm oil suppliers and mills can be found [here](#). We monitor more than 95% of our palm oil concessions/plantations through satellite monitoring.

Hazelnuts: At the end of FY 18/19, we had achieved 52% traceability of our total sourced hazelnuts. Our efforts have focused on the two major countries for hazelnut supply, achieving 45% traceability in Turkey and 48% in Italy. The hazelnut sector is very complex and to address the challenges in achieving greater traceability. This is thanks to our Agrifarms which allow capillary control of the local value chain. For example, in Chile we have achieved the 100% traceability goal.

See here our [Hazelnut's Charter](#) which outlines our commitments and requirements based on our selected priorities in three areas: Human Rights and Social Practices, Environmental Protection and Sustainability, and Supplier Transparency, towards our aim to be a driving force behind a hazelnut industry that creates value for all.

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

ii. Supplier Responsible Sourcing Management

Supplier responsible sourcing 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. They 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.

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.

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](#).

February 2021