

# Ferrero and EF collaborating for resilient supply chains

Annual report 2022  
Palm Oil





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## Working together on Palm Oil

In 2022, Ferrero and Earthworm Foundation (EF) strengthened their long-term partnership on palm oil.



**Palm oil**  
In 1 country

**Malaysia**  
Palm oil

## What we've done together in 2022

We have worked with Ferrero to implement the responsible sourcing commitments stated in [its Palm Oil Charter](#).

Ferrero strives for the highest standards developed for the sector and to achieve its ambitions of a palm oil industry that is good for both people and nature by addressing challenges with actions that engage suppliers and which go beyond high certification standards.



Ferrero's ambitions go beyond certification standards. Ferrero and EF continued a successful stakeholder engagement with a third-party supplier via a key refinery partner to drive change on the ground while supporting landscape transformation.







# Palm Oil

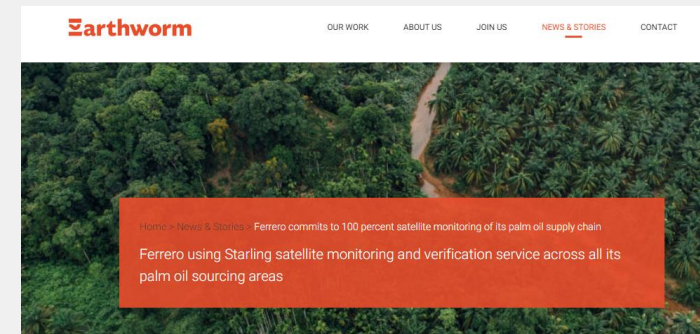
Transformation of  
the palm oil supply  
chain to protect nature  
and people





## Zero Deforestation Monitoring - Starling:

Ferrero continued to strengthen the use of Starling to monitor potential deforestation for 100% of its RSPO segregated palm oil supply chain volume in alignment with its zero deforestation verification approach. **Ferrero reached 99% of verified deforestation free on their palm oil segregated supply chain in 2022 thanks to the collection of TTP by Ferrero and to the commitment and close engagement with the suppliers.**



## Southern Central Forest Spine Landscape:

Ferrero is directly contributing to landscape-level transformation in Malaysia together with various other industry leaders. Ferrero's engagement in this collective landscape approach include: Protecting forest, regenerating nature, and improving people's lives. Key targets are to be met by 2025 and among others will include safeguarding more than 18,000 workers' wellbeing, reducing deforestation by >50% and improving resilience of 2,000 farmers.



## Supplier Engagement for improved worker's rights:

In 2022, EF performed several visits to the estates and mills of a third-party supplier via a key refinery partner to monitor progress following an ethical recruitment human rights due diligence programme (ERDD) and a labour transformation programme (LTP) in 2021. The visits highlighted the several positive actions related to the recruitment of migrant workers and employment practices (e.g. grievance management).



## Supply Chain Analysis:

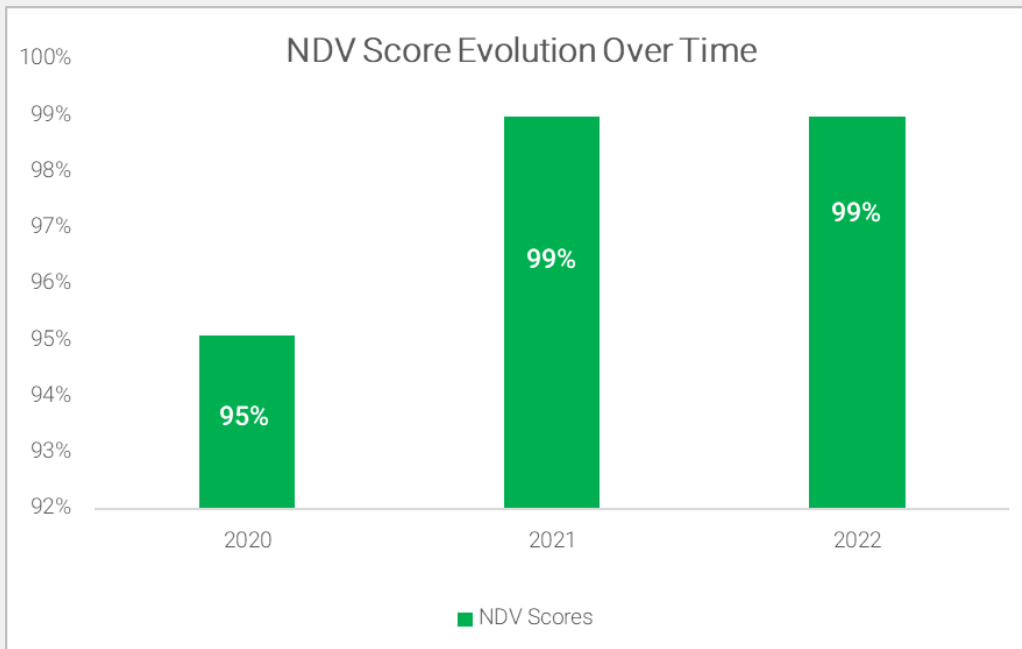
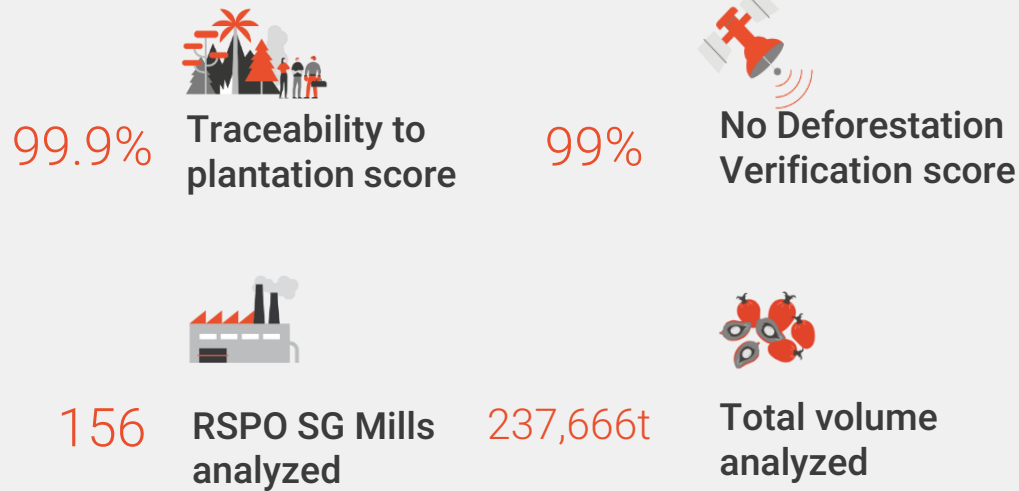
In order to cultivate a holistic picture about suppliers and to address any grievances, EF is supporting Ferrero with an in depth and proactive supply chain analysis. This enables Ferrero to understand its exposure to grievances across its supply chain, pursue effective engagement of suppliers and to understand the risks present in the industry. EF also provides a grievance monitoring service that keeps Ferrero informed of any new issue in the supply chain and provides guidance on how to effectively respond

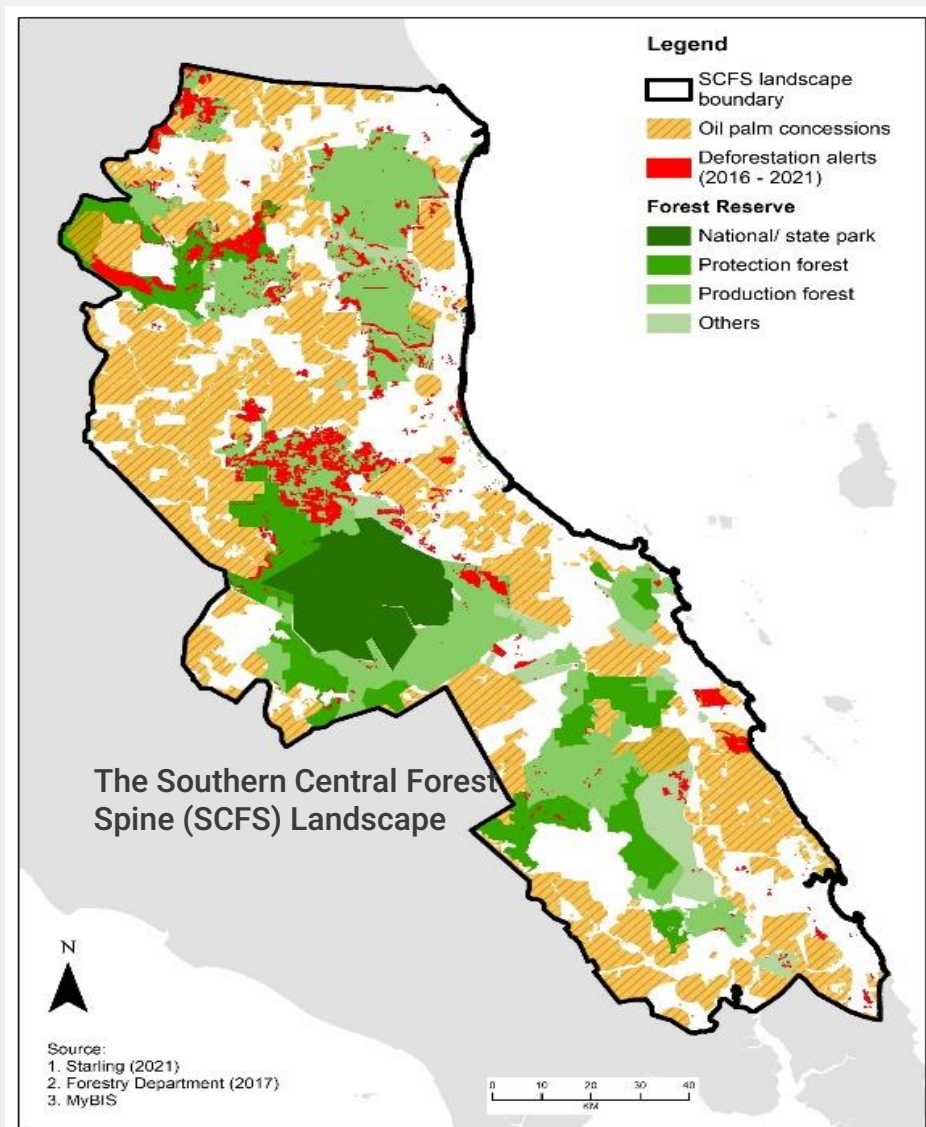




# Palm Oil: Key Successes Zero Deforestation Verification

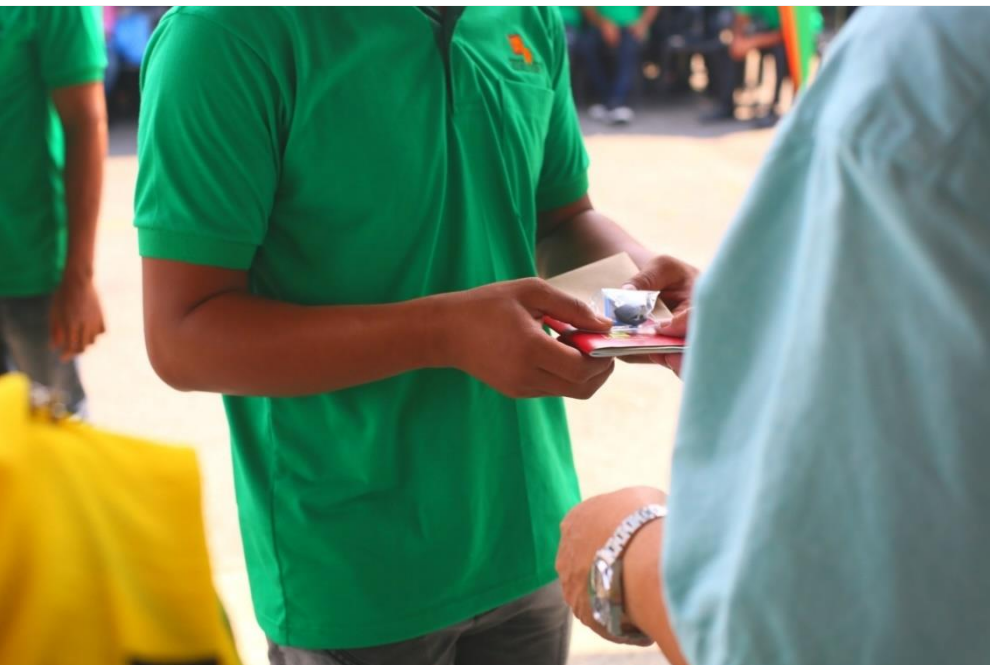
Ferrero Progress  
Report 2022





- Continuous strong support to meet SCFS landscape key targets.
- Through the SCFS landscape work in 2022:
  - 274 workers** saw improved working conditions through the Ethical Recruitment Human Rights-Based Due Diligence.
  - 99 companies** were reached on forced labour and child labour awareness session.
  - 1,500 ha** of were covered by the human-elephant coexistence programme.
  - Successful SCFS partners and MPOB stakeholder dialogue.





### Highlight: Supplier Engagement for improved worker's rights at third party supplier mills and plantations

- In 2022, a comprehensive **mill and plantation engagement framework** was established with the aim of assisting mill and estate managers in adopting enhanced ethical recruitment and labor practices.
- In 2023 we see the continuation of our efforts, and geographical diversification, by joint initiative convened by Earthworm and GREPALMA (the Guatemala's palm industry organization) with the objective to promote palm oil companies' social performance in line with policy commitments on key social issues.
- The commitment to promoting ethical practices remains unwavering, and through these strategic frameworks, a **path towards meaningful and lasting positive change** is being forged.



- Ferrero's efforts encompass a multi-faceted approach, including zero deforestation verification, landscape-level transformation, supplier engagement, and supply chain analysis. These actions play a pivotal role in sustaining advancements within the palm oil industry, ensuring its alignment with both human well-being and nature conservation.
- As Ferrero actively looks to create positive transformation at scale related to social performance across the entire value chain, it becomes imperative to look for geographical diversification. This is to be enabled by directing resources to join Guatemala Social Performance project, with Guatemala being the most important sourcing country for Ferrero outside Malaysia and Indonesia.
- Heading into the year 2023, the commitment remains evident. With Ferrero's strengthened engagement with its direct suppliers, drive to foster improvements in ethical practices, and support for Earthworm Foundation's landscape initiatives, we are confident that they remain on the right path to realize their commitments.



## Goal for 2023



### Hazelnuts:

- **Revise the Hazelnut Charter v1** in light of the evolving context at the end of 2023.

### Palm Oil:

- **Understand and tackle mill risks in a proactive manner.**
- Strive to have **100% of the RSPO segregated supply chain deforestation free.**
- Monitor potential deforestation **beyond RSPO segregated supply chain.**
- Geographical diversification of the **action plan** in terms of engagement for social practices with focus on **workers rights**, at sector and supplier level.
- Persist to build knowledge, identify **new transformation and collaboration opportunities** for the future in landscape approaches and supplier engagement **for workers' rights.**

“Scaling up our  
efforts to meet our  
commitments”