



# EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

## FERRERO REPORT

SUBMITTED ON 8<sup>TH</sup> MAY 2023

*IMPORTANT: Ferrero is currently finalizing data consolidation for its next Sustainability Report 2022 (FY 2021/2022) that will be published by July 2023. Data reported below provide some pre-views of what will be published in the forthcoming Report that will be publicly available at this link: [Ferrero Sustainability Reporting | Ferrero Sustainability](#).*

<b>Type of business/sector</b>  <i>(E.g. retail, dairy)</i>	<b>Sustainability dimension</b>  <i>(E.g. environmental, social)</i>	<b>Code aspirational objective</b>  <i>(1-7)</i>	<b>Individual commitments with baseline</b>	<b>Progress on KPIs and goals (qualitative and/or quantitative)</b>	<b>Additional information (optional)</b>  <i>(E.g. partnerships, geographical coverage, sharing best practices, links with other COM initiatives, with other reporting initiatives)</i>	<b>Comments (optional)</b>  <i>(E.g. enablers, ideas on how to improve)</i>
<b>Confectionery</b>	<b>Environmental</b>	<b>6-7</b>	<b>Eggs supply chain</b> We commit to globally source 100% cage free eggs by 2025	<b>OUR PROGRESS</b> We source 100% cage-free eggs in EU and UK (EU and UK accounts for around 93% of our total sourcing) and we are on track to reach 100% globally by 2025. In FY 2021/2022 93% of total eggs we used were coming from cage-free system.		

<p><b>Confectionery</b></p>	<p><b>Environmental/Social</b></p>	<p><b>5-6-7</b></p>	<p><b>Hazelnuts supply chain</b>          We commit to increase traceability of hazelnuts supply chain          We require our suppliers to meet requirements and promote practices in our Hazelnuts Charter</p>	<p><b>OUR PROGRESS</b>          For the 2021/2022 crop we have achieved an overall traceability above 70 % for all our sourced hazelnuts, supported by the <u><i>Sourcemap</i></u> platform. In order to guarantee accuracy of the data reported by our suppliers into the <i>Sourcemap</i> platform, a traceability audit in three of our main sourcing countries (representing &gt; 90 % of hazelnut volumes purchased) was conducted by a third-party, the Scientific Certification Systems (SCS). During the audit activities, more than 450 suppliers were interviewed across these three countries.           We have extended the CAOBISCO-ILO partnership to 2023, working now in five regions: Duzce, Sakarya, Ordu, Giresun and Samsun. We will also be investing €3.5 million to complement the CAOBISCO coverage through activities in Trabzon and Zonguldak. In addition, we have launched several initiatives involving Turkish NGOs, to better involve local communities and target their needs more effectively. Ferrero’s key partners in its Hazelnut Responsible Sourcing Programme are specialised and experienced</p>	<p>In January 2021 we’ve published the <b>Hazelnut Charter</b>, the document that outlines Ferrero’s responsible sourcing ambitions and commitments until 2023. In the <b>Annual Hazelnut Progress Report</b> we describe periodic progress and share the evidences and challenges on the milestones outlined in the Action Plan.           Last available editions of the documents can be found <a href="#">HERE</a>.           Other relevant documents: <a href="#">FERRERO FIRST HUMAN RIGHTS REPORT</a></p>	
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				<p>organisations such as the ILO, Earthworm Foundation and SCS Global Services.</p> <p>Through our Ferrero Farming Values (FFV) programme, we work with farmers to implement agricultural and social best practices.</p> <p>In the 2022 harvesting season, we focused on different activities to eliminate child labour in our supply chain. We have achieved the following:</p> <ul style="list-style-type: none"> <li>• reached more than 1,958 children through educational activities and provided them with nutritional support;</li> <li>• provided individual counselling on elimination of child labour in seasonal agriculture to around 971 families;</li> <li>• provided counselling on elimination of child labour in seasonal agriculture to 205 of field owners.</li> </ul>		
<b>Confectionery</b>	<b>Environmental/Social</b>	<b>5-6-7</b>	<p>Cocoa supply chain</p> <p>We commit to source 100% cocoa through independently managed standards</p> <p>100% of our cocoa chain will be covered by the Child Labour Monitoring and Remediation Systems</p>	<p><b>Achieved</b></p> <p>In January 2021, we achieved our objective to source 100% of our cocoa through independently managed standards. These standards include certification schemes such as Rainforest Alliance and Fairtrade as well as verified sustainability programmes of our suppliers such as</p>	<p>In February 2022, we published our <b>Cocoa Charter</b> and <b>Cocoa Action Plan</b>, which set out Ferrero’s continued ambition for a cocoa industry that is good for people and nature. In March 2022, we disclosed our 20/21 cocoa supply chain, as part of our commitment to</p>	

			<p>100% of mapping and tracing of our cocoa supply chain to farm-gate level to address deforestation</p>	<p><i>Cocoa Horizons, Promise Cocoa Verified</i> and <i>Beyond Beans</i>. The complete list of standards we apply to our supply is publicly reported in our Cocoa Charter and Cocoa Progress Report.</p> <p><b><u>OUR PROGRESS</u></b>          In FY 2021/2022, we reached 96% traceability to farm gate level (if minimum GPS waypoint available) and 89% traceable to farm gate (if minimum requirement polygon-mapped 83%).</p> <p>In FY 2021/2022, 99% of our dedicated farmer groups in our supply chain is covered with a Child Labour Monitoring and Remediation System (CLMRS) - or equivalent system.</p> <p>During FY 2021/2022 we also:</p> <ul style="list-style-type: none"> <li>✓ completed our 4-year Cocoa &amp; Forests Initiative (CFI) action plan launched in 2018;</li> <li>✓ completed the implementation of year two of our 5-year holistic community-development programme with <i>Save the Children</i> in 65 communities in Haut-Sassandra region, in close</li> </ul>	<p>transparency on where our cocoa comes from.</p> <p>In December 2022, we published our last <b>Cocoa Progress Report</b>, where we outline the results of our global cocoa sustainability program in 2020/21 and the impact of our strategic partnership with <i>Save the Children</i> on children and families in Côte d’Ivoire.</p> <p>Last available editions of the documents can be found <a href="#">HERE</a></p> <p><b>Other relevant documents:</b>  <a href="#">Ferrero 20/21 Cocoa Supply chain</a></p>	
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				<p>collaboration with the local authorities and our suppliers;</p> <ul style="list-style-type: none"> <li>✓ developed a collective CFI farm dataset involving about 20 companies that shared a substantial number of farm polygons for Ivory Coast and Ghana with the World Resources Institute, which will apply its Deforestation Risk Assessment methodology to the dataset;</li> <li>✓ launched the Child Learning and Education Facility (CLEF) aimed at providing access to quality education to children in cocoa-growing communities in Ivory Coast;</li> <li>✓ signed, alongside other companies, a Letter of Intent to support the governments of Côte d’Ivoire and Ghana to evolve the Living Income Differential and set up the proper mechanism to support farmers living income and help ensure the sustainability of the sector.</li> </ul>		
<b>Confectionery</b>	<b>Environmental</b>	<b>5-6-7</b>	<p><b>Palm Oil supply chain</b> Suppliers meet the targets of our Palm Oil charter We commit to 100% traceable segregated, RSPO-certified palm oil</p>	<p><b>OUR PROGRESS</b> In the FY 2021/2022, we sourced 99.6% RSPO-certified segregated palm oil and 0.4% conventional palm oil. Of this total, 99.5% is traceable back to plantations. Specifically for our Ferrero’s products, all the palm oil we</p>	<p>Relevant documents such as <b>Palm Oil Charter, Action Plan, Progress Report</b> as well as the <b>list of our suppliers and mills</b> can be found <a href="#">HERE</a>.</p>	

				use is 100% RSPO certified segregated (of which more than 6% is POIG verified), with 99.95% traceability to 146 palm oil mills and 722 plantations.	
Confectionery	Environmental	4	<p><b>Reusable, Recyclable or Compostable Packaging</b> We commit to make 100% of our packaging reusable, recyclable or compostable by 2025</p>	<p><b>OUR PROGRESS</b> Our ambition, and the most important challenge for packaging today, is to increase the circularity of our process without neglecting other relevant environmental impacts. We are nearly 83% of the way to 100% reusable, recyclable or compostable packaging, with around 35,4% using recycled materials. <b>88,5% of our packaging is designed to be recyclable and we use 40,2% of renewable materials in packaging.</b> Additionally, we are working to reduce the use of virgin plastic by 10% (vs. 2020 baseline) and to boost the use of post-consumer recycled content in plastic packaging, toward a 12% goal for overall plastic packaging.</p>	<p><b>Projects examples:</b></p> <ul style="list-style-type: none"> <li>➤ <u>Kinder Joy's new paper spoon</u>: since 2022 we replaced around 95% of plastic spoons in Kinder Joy eggs with high-quality paper spoons . Thanks to this innovation, we saved approximately 1,300 tonnes of plastic.</li> <li>➤ <u>Ferrero Rocher new eco-designed plastic box were rolled out in 2021</u>. The new design uses polypropylene, a material which is easier to recycle globally and will permit to save around 10,000 tonnes of plastic by 2025.</li> <li>➤ <u>Nutella</u> continues to partner with the leading reuse platform <i>Loop</i>, and <i>Carrefour</i>, for a reusable jar pilot in France.</li> </ul> <p>We are working with value-chain partners to improve recycling</p>

					<p>and advocating with relevant stakeholders to create the enabling conditions for optimal and efficient EPR schemes to fund collection, sorting and recycling of packaging.</p> <p><b>Our partnerships and collaborations:</b></p> <ul style="list-style-type: none"> <li>✓ Ellen MacArthur Foundation (EMF),</li> <li>✓ Consumer Goods Forum and the Circular Plastics Alliance</li> <li>✓ Association of Plastics Recyclers (APR)</li> <li>✓ CEFLEX</li> <li>✓ RecyClass</li> <li>✓ 4evergreen</li> <li>✓ European Brands Association (AIM)</li> <li>✓ Flexible Packaging Initiative (FPI)</li> <li>✓ Holy Grail 2.0 project</li> <li>✓ Perfect Sorting Consortium</li> <li>✓ The Recycling Partnership</li> </ul>	
<b>Confectionery</b>	<b>Health/Social</b>	<b>1</b>	<p><b>Elimination of tFAs</b></p> <p>We keep committing to eliminate partially</p>	<b>OUR PROGRESS</b>	<p>Ferrero supports the global trans-fat elimination target, as required by WHO</p>	

			hydrogenated fats in our products fully aligned with recent WHO requests of limiting industrial trans fats at a global level.	<p>Since 2006 we have stopped using partially hydrogenated fats in our products .</p> <p>All raw materials are selected and evaluated using a clearly defined set of criteria and subjected to rigorous controls. Ferrero is requesting all suppliers to fill in a ‘certification &amp; ingredient statement’, as part of its suppliers specification, to confirm that the supplied raw materials supplied do not contain partially hydrogenated oils.</p> <p>Further details can be found on Ferrero’s last available Sustainability Report <a href="#">HERE</a></p>	<p><a href="https://www.who.int/news/item/07-05-2019-who-welcomes-industry-action-to-align-with-global-trans-fat-elimination-targets">https://www.who.int/news/item/07-05-2019-who-welcomes-industry-action-to-align-with-global-trans-fat-elimination-targets</a></p> <p>This is in line with our IFBA (International Food and Beverage Alliance) joint commitment on product formulation and innovation <a href="https://ifballiance.org/news/international-food-beverage-companies-align-with-who-standard-in-global-commitment-on-industrially-produced-trans-fat/">https://ifballiance.org/news/international-food-beverage-companies-align-with-who-standard-in-global-commitment-on-industrially-produced-trans-fat/</a></p>	
<b>Confectionery</b>	<b>Environmental</b>	<b>3-4</b>	<p><b>Emissions Scope 1-2</b></p> <p>We commit to reduce absolute Scope 1 and 2 emissions by 50% from a 2018 base year by 2030 at global level</p>	<p><b>OUR PROGRESS</b></p> <p>-14.4% (2021 vs. 2018 baseline)</p>		
<b>Confectionery</b>	<b>Environmental</b>	<b>3-4</b>	<p><b>Emissions Scope 1-2-3</b></p> <p>Reduce Scope 1, 2 and 3 emissions intensity by 43% per tonne of product produced from a 2018 base year by 2030 at global level</p>	<p><b>OUR PROGRESS</b></p> <p>-3.6% (2021 vs. 2018 baseline)</p>	<p>18 of our plants used 100% renewable electricity from the grid, accounting for around 92% of the electricity we purchased for all our manufacturing sites worldwide.</p>	





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