How we intend to work

Our Commitment:
Ferrero is committed to only purchasing fully traceable palm oil that is free of deforestation and respects people and the environment. In November 2013 Ferrero established its Palm Oil Charter which outlines the principles that Ferrero requires all suppliers to achieve to continue business with Ferrero, in addition to meeting RSPO requirements.

Our Palm Oil Charter:
Ferrero's Palm Oil Charter outlines 10 key purchasing principles. All palm oil purchased shall comply with the following values. We understand that some of these key values are covered by the RSPO Principles and Criteria. Where they are not, suppliers shall implement practices to meet these additional requirements.

1. Fully traceable oil, while including smallholders

"Fully traceable" means that palm oil ingredients that can be traced back to the Fresh Fruit Bunch (FFB) sources. Irrespective of certification, Ferrero requires suppliers to transparently provide supply chain information back to the source of FFB that are supplied to the palm oil mill.

Smallholders are a key producer of palm oil around the world. Ferrero will work with suppliers to ensure that smallholders are not excluded from the supply chain.

2. Conservation of High Carbon Stock forests

Ferrero's suppliers shall identify and protect High Carbon Stock forests.

High Carbon Stock (HCS) forests are forests that are classified as Regenerating Forest, Low Density, Medium Density or High Density Forest. Ferrero recognises the peer reviewed methodology developed by Golden Agri-Resources, TFT and Greenpeace

3. Not using fire to clear land

The use of fire for waste disposal and land preparation shall be eliminated.

4. No planting on peat soils

New oil palm plantation expansion shall not result in the disturbance of peat soils, irrespective of their depth or size.

Ferrero defines peat soils as those that have more than 50 percent organic matter in the upper 80 cm.

5. Protecting orang-utans and other endangered species by maintaining High Conservation Value areas.

The establishment and management of oil palm plantations shall not negatively impact on High Conservation Values.

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1 The developed HCS methodology available at http://www.greenpeace.org/international/Global/international/briefings/forests/2013/HCS-Briefing-2013.pdf
2 http://www.fao.org/docrep/x5872e/x5872e03.htm
Ferrero acknowledges the High Conservation Value Toolkit as the best way to identify High Conservation Values. Ferrero also requests suppliers to have such assessment reviewed and approved by appropriate stakeholders.

6. Reporting on GHG emissions

Palm oil suppliers shall implement practices to continuously reduce sources of GHG emissions\(^4\) and annually report on their progress.


The Free Prior and Informed Consent (FPIC) of indigenous and local communities to activities on their customary lands where oil palm plantations are managed shall be respected and implemented.

Customary rights shall be respected and the FPIC of indigenous people and local communities shall be gained for development of new plantation or of new infrastructure on their customary lands. Any lasting conflict with local community or indigenous people shall be managed in a way to find an agreement providing fair compensation and respecting these two principles.

8. Recognizing, respecting and strengthening the rights of workers

Palm oil suppliers shall respect the following ILO conventions:
- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Minimum Wage Fixing Convention, 1970 (No. 131)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Safety and Health in Agriculture Convention, 2001 (No. 184)

9. Not using Paraoquat

The use of Paraoquat shall be eliminated and suppliers shall develop management practices that ensure the minimum use of any chemicals and the minimum impact on the environment and peoples health. All use of chemicals shall be recorded and justified. The impacts on the environment of repeated chemicals usages shall be monitored.

10. Actively fighting corruption

Palm oil suppliers shall publicly commit to prohibit any form of corruption including during the concession acquisition process and within operations, and implement anti-corruption measures proportionate to scale and intensity of management activities and the risk of corruption\(^5\).

\(^3\) As defined by the HCV resource network [http://www.hcnetwork.org/about-hcv](http://www.hcnetwork.org/about-hcv)

\(^4\) GHG emissions considered here are the carbon footprint of the palm oil production, including land clearing, operating palm oil mills, transports, etc.

\(^5\) [http://www.transparency.org/country](http://www.transparency.org/country)
Our implementation methodology:

In order to ensure the implementation of Ferrero's Palm Oil Charter we will put in place the following methodology:

1. Palm oil supply chain mapping

Ferrero is working with all its suppliers to build transparency back to mill and Fresh Fruit Bunch (FFB) origin. This transparency will assist Ferrero and the suppliers to determine where further action is needed to review performance against our Charter.

2. Assessments of the compliance against the Charter

As needed desktop reviews will be performed for mills and FFB sources to identify the potential for non compliance issues with the Charter.

Priority sites will be assessed against the Ferrero's Charter with the help of TFT and where changes are needed to align with Ferrero's Charter will be identified. This assessment results will be explained, discussed and reported to the assessed entity and Ferrero.

Ferrero wishes to support suppliers to strengthen practices and therefore asks all suppliers to take part openly and in a constructive manner.

3. Propose action plans

When needed TFT will propose corrective actions that should help the assessed entity to meet Ferrero’s Charter. This action plan will be discussed together with the assessed entity, Ferrero and TFT in order to ensure that it is technically and timely sound.

4. Monitor the progress

Based on the action plan and the first assessment, a follow-up visit will be planned in a period agreed during the action plan discussions. The follow-up visit will aim at verifying and reporting (not publically) on the progress made by the entity to meet Ferrero's Charter.