



Ferrero Canada Limited
Report on Forced Labour and Child Labour Risks





FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

Report on Forced Labour and Child Labour Risks (Year ended August 31, 2023)

Table of Contents

1. Statement	2
2. Overview.....	2
3. Our Human Rights Approach	3
4. Codes and Policies	4
a) Ferrero’s Code of Ethics	4
b) Ferrero’s Code of Business Conduct.....	5
c) Ferrero’s Human Rights Policy Statement.....	5
d) Ferrero Supplier Code	5
e) Reporting Issues	5
5. Our Activities in Addressing Human Rights Issues	5
a) Our Own Operations	7
b) Our Supply Chains	7



FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

1. Statement

Ferrero Canada Limited, as a subsidiary of the ultimate parent company Ferrero International S.A. (referred to herein as “**Ferrero**”), is committed to and fully support the goals of the *Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff*, referred to as Canada’s “Modern Slavery Act” (the “**Act**”).

2. Overview

Ferrero began its story in the small town of Alba in Piedmont, Italy, in 1946. Today, with a consolidated turnover of 14 billion euros, Ferrero is amongst the leaders of the Sweet Packaged Foods market worldwide. The Ferrero Group is present throughout the world with over 46,000 people and 31 manufacturing 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.

- [Our Approach and Documents | Ferrero Sustainability](#)

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. Learn more in our Sustainability Report ([here](#)).

This report has been produced pursuant to section 11(1) of the Act and constitutes our slavery, forced and child labour and human trafficking statement and report for the financial year ending 31 August 2023.

We do not own or control any other Entities within the meaning of the Act.



FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

3. 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.

Our Group Leadership Team has executive oversight for delivering on our human rights principles, while a Sustainability Operative Committee comprises cross-departmental managers from operations, human resources, brand social responsibility, risk management, corporate communications & institutional affairs, and responsible sourcing. The committee is engaging with stakeholders within and beyond Ferrero to drive and cascade actions and accountability locally and regionally, informing our Group's corporate social responsibility and sustainability function and ensuring the consistency of our human rights approach. As part of our global line manager excellence programme, all Ferrero line managers (at global, regional, and local levels) receive training in accountability for all company policies and practices.

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.

Our human rights due diligence principles outline four key steps to identifying and managing human rights risks:

1. **Assess:** identifying, assessing, and prioritising human rights risks, including ethical audits and assessments



FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

2. **Address:** embedding our human rights policy statement in our activities, addressing identified human rights risks, including measures to prevent, mitigate and remediate
3. **Monitor:** tracking and monitoring our activities and their effectiveness to address risks and continually improve our human rights approach
4. **Communicate:** reporting the implementation progress internally and externally

Today, our approach reflects a series of assessments and strategic multistakeholder partnerships with organisations such as the Consumer Goods Forum (CGF) Human Rights Coalition and Save the Children. We review our salient issues on an ongoing basis, as part of our journey of continual evaluation in the face of evolving risks and local socioeconomic contexts. In this process, we welcome legislations, international consensus and consumer and non-governmental feedback and engagement to ensure we are responsive to risk and proactive to catalysing systemic change. Having joined Shift's Business Learning Programme, we are implementing its recommendations developed as part of our work with Shift to continuously improve our human rights strategy and due diligence approach.

Equally important to our commitments within Ferrero are those we have made to our strategic partners. We will continue to work together to understand human rights risks and contexts, drive improvements and scale what works for convergence and, ultimately, systemic change. We will also join forces with more local expert organisations where this is helpful, as has been seen in our hazelnut work in Turkey for instance. For our partners we are engaging with on this journey, please see our sustainability report.

We are determined to eliminate all forms of modern slavery, forced, compulsory and prison labour, and child labour.

4. 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's 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.



FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

b) Ferrero’s 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’s 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 prioritise 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.

5. 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. Our human rights approach is available to review in further detail ([here](#)).

FERRERO

FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

During this reporting period, we analysed our supply chains and operations to identify modern slavery, forced and child labour related risks and established a risk register of the key risk areas identified. During the assessment process, we identified the areas with the lowest risk, such as local operations handled by staff directly employed by us. Currently our highest risk area lies within our supply chain such as labour recruitment practices in the palm oil sector in Southeast Asia. We continuously assess and monitor modern slavery related risks in our own operations and supply chain, including those specific to the procurement of raw materials, which is a particularly high-risk component of our supply chain. No slavery, human trafficking or forced or child labour was identified in our supply chains in the reporting period. Accordingly, no steps to remediate such instances and/or loss of income relating to any such instances were taken during the reporting period.

Case study

Due diligence roll-out

Between 2020 and 2022, we introduced our first suppliers' due diligence, with the results of our efforts as follows:

- Over 7,000 suppliers have already acknowledged the Supplier Code.
- We have collected around 1,000 supplier assurances.
- We have performed more than 1,000 supplier assessments.
- We have performed around 100 field suppliers' due-diligence audits.
- The Responsible Sourcing Committee has discussed around 70 cases of supplier consequence management.

These results are extremely important as they show that with a solid process in place, we can encourage compliance in each sector we operate and, ultimately, enhance the standards of the supply chains we source from. In the few cases of non-compliance, we put the relationship with the partner on hold. In many cases, our partners have thanked us for helping them prepare for the upcoming mandatory European due-diligence regulation, which often translates into better health and safety conditions, more attention to recruiting practices, fairer labour conditions, more attention on poor waste management and more control of their own supply chains.

7,000
suppliers acknowledged the Supplier Code

1,000
supplier assessments performed

Source: Ferrero Sustainability Report 2022 p39

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 prioritise 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



FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

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

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. Our 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.



FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

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.

ii. Responsible Sourcing Supplier Risk Management

Responsible sourcing supplier risk 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. The Ferrero Supplier Code contains the key pillars of our Human Rights Policy Statement and engages suppliers on a journey of continuous improvement. It defines our minimum requirements and expectations to suppliers whom we have commercial relationship with. Suppliers 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.

To reinforce our commitment to sustainable livelihoods, human rights and environmental protection across our supply chain, we have developed Commodity Charters (e.g., Cocoa, Hazelnut and Palm Charters) which



FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

vertically cover Ferrero's requirements and commitments for a specific spend category.

These Charters set out specific minimum requirements our suppliers must meet in full alignment with the Supplier Code and due diligence process and define which sustainability certifications and standards we require for that specific spend category. In addition, the Charter outlines the commitment Ferrero is willing to put forward to further improve the conditions of our supply chain ("Going Beyond"). The Action Plan outlines how we will work towards our ambitions.

To learn more about our Commodity Charters and Actions Plans, see [here](#).

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.

Consumer Goods Forum (CGF) Human Rights Coalition: Ferrero joined the CGF Human Rights Coalition in 2021. The Coalition is committed to working to end forced labour in the consumer goods industry and drive collection actions to implement the Priority Industry Principles to eradicate forced labour in own operations and supply chains.

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.



FERRERO CANADA LTD./ LTÉE
100 SHEPPARD AVENUE EAST, SUITE 900, NORTH YORK, ON M2N 6N5 TEL: +1 (416) 590-0775

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.

This statement was approved by the Board of Directors and the management team, as the principle governing body, for the fiscal year ended August 31, 2023. This statement has been provided to the Minister of Public Safety and Emergency Preparedness in accordance with section 11(1) of the Act and has been published to Ferrero's website.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this report is true, accurate and complete in all material respects, for the purposes of the Act, for the reporting year listed above.

Signed

Alessandro Natola

Alessandro Natola
Director of Ferrero Canada Limited
May 1, 2024

Signed

Vladimiro Sinatti

Vladimiro Sinatti
Director of Ferrero Canada Limited
May 1, 2024