

A CASE STUDY ON SUSTAINABLE PALM OIL BY

# Ferrero



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## APPROACH AND KEY ACHIEVEMENTS

Our commitment to sustainable practices along the entire raw material supply chain has always been at the core of our strategy. Guided by this vision, Ferrero was one of the first companies to join the Roundtable on Sustainable Palm Oil (RSPO) in 2005. In January 2015, Ferrero became one of the first global companies to source 100% RSPO Segregated palm oil. During the same year, Ferrero became a member of the Palm Oil Innovation Group (POIG) and started to assess its supply chain using POIG indicators. Ferrero's palm oil is now 100% traceable back to plantations; this means we know the origin of 100% of the fresh fruit bunches used to produce our palm oil.

In addition, in 2013 Ferrero launched its own [Palm Oil Charter](#) to address the leading causes of deforestation and social issues.

## ROADBLOCKS AND SOLUTIONS

We are aware that the palm oil supply chain faces environmental and social challenges; that is why Ferrero is committed to leading the way in driving the sustainable transformation of the palm oil sector.

Ferrero operates in a global context, and the presence of both geopolitical variables and multiple stakeholders can sometimes be a challenge. Therefore having a resilient supply chain is certainly key. In addition, the palm oil we source needs to be not only responsibly sourced but also of the highest quality; combining both of these elements can be difficult.

Including more smallholders in our supply chain can also be challenging as it is often very difficult for them to meet RSPO standards, including the RSPO Independent Smallholder Standard, as well as Ferrero's strict quality criteria. That is why we believe that constant support from RSPO member companies is needed.

To overcome these hurdles Ferrero has consistently invested in establishing direct long-term commercial relationships with producers and suppliers of palm oil, based on a shared commitment to sustainable values, dialogue and transparency.



## POST-2020 ACTION PLANS

We commit to continue sourcing 100% RSPO Segregated palm oil and working to ensure reliable and effective monitoring of our supply chain. In order to reinforce our Palm Oil Charter's principles on "no-deforestation", we have been working with Earthworm Foundation to develop and implement our own Verification Protocol. This includes the trial of Starling — a system to independently verify and monitor land use, including identifying potential deforestation and conversion occurring within our palm oil supply chain.

Developed by a consortium made up of Airbus DS, Earthworm Foundation and SarVision, Starling uses a combination of high-resolution radar and optical satellite imagery to monitor land cover change and forest cover disturbance in near real time. The system aims to help us independently verify that actions to prevent deforestation are implemented in the field, and identify causes of potential land cover change in our supply chain.

In addition, we recognize the need to support projects beyond our supply chain to promote sustainability standards in the industry and support smallholder inclusion. In order to test approaches that can be realistically applied and scaled up, we invested in projects with multiple partners that have strong expertise in the palm oil sector and a solid local footprint in palm producing countries such as Malaysia, because we believe this will bring lasting change. For example, as an active member of the Forum for Sustainable Palm Oil, Ferrero has been working very closely with WWF Germany and is in direct contact with the NGO Wild Asia to discuss progress and track results of the Wild Asia's Group Scheme. This project, which began in July 2018 and will continue through March 2021, aims to increase the production of sustainable palm oil by independent small producers connected to global markets.

