

# Sourcing Palm Oil Sustainably

Annual report 2024/2025

**FERRERO**

January 2026

# | The way Earthworm Foundation works with Ferrero

We partner with leader companies – our members - that are prepared to take bold action and demonstrate that it is possible to create economic, social and environmental value simultaneously.

**Values** – We support the definition and internalisation of our members' values into clear policies and commitments that redefine corporate value.

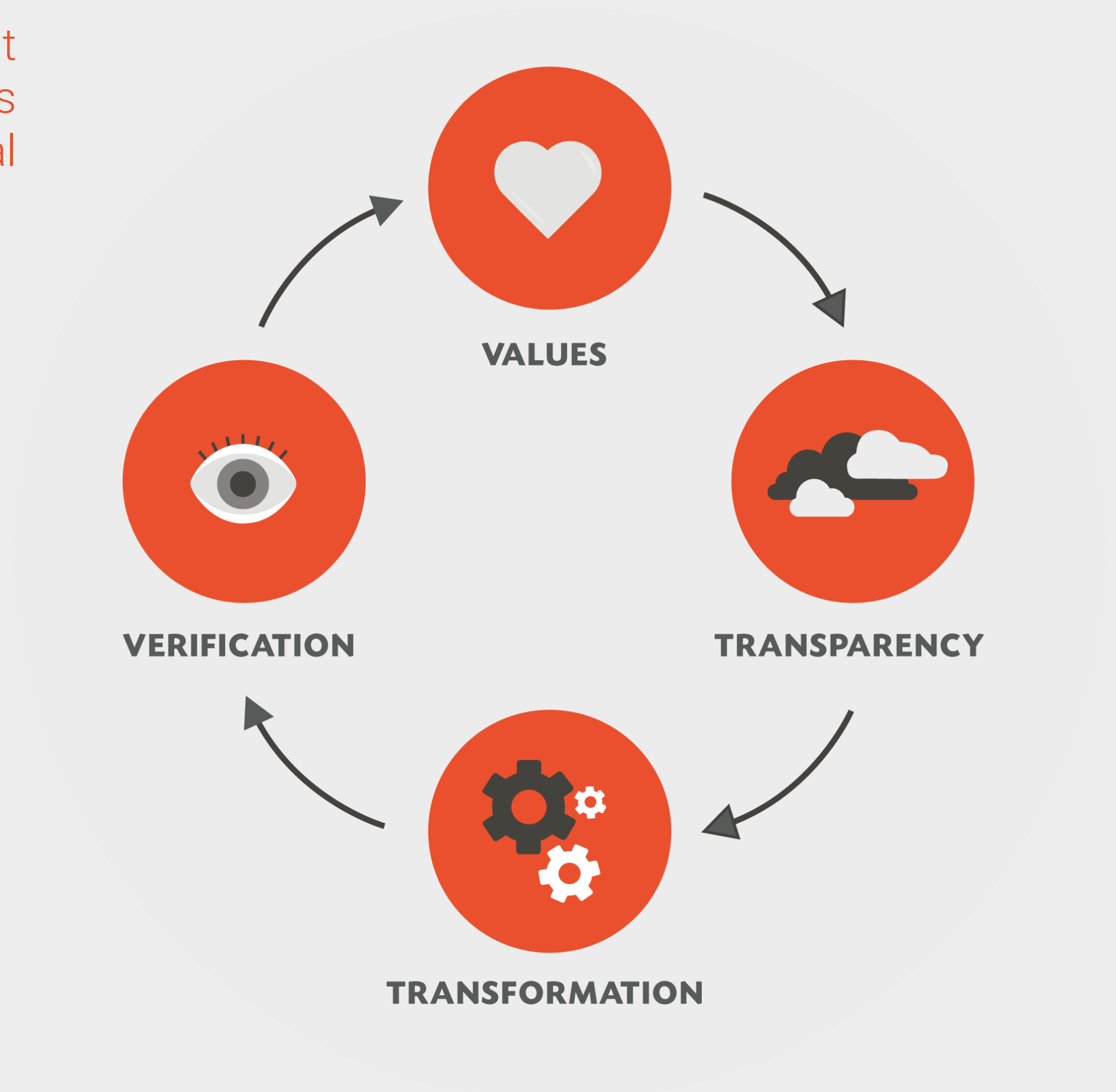
**Transparency** – We help map supply chain actors and geographies to chart strategies and foster accountability through publication of data and progress updates.

**Transformation** – We collaborate to implement tools and processes that transform the way business operates.

**Verification** – We innovate on solutions to measure impact, assess progress and ensure accountability.

## About Ferrero

Ferrero is a global, family-owned confectionery company known for iconic brands such as Nutella, Ferrero Rocher, and Kinder. With a long-term, values-driven approach, Ferrero is committed to creating products responsibly while advancing sustainability across its supply chains, protecting the environment, and supporting the communities connected to its business.



# | Our work on Palm Oil

Ferrero sources 100% RSPO-certified palm oil, with 76.1% from Malaysia, and maintains high supply chain traceability. This traceability, combined with the **Starling satellite monitoring** service operated by Airbus and Earthworm Foundation, allows Ferrero to detect deforestation and land conversion risks. It also enables Ferrero to partner with Earthworm Foundation on grievance management and addressing supply chain issues.

Since 2021, Ferrero has supported the [South Central Forest Spine \(SCFS\)](#) landscape in Malaysia, funded [Child Risk Assessment Framework](#) training in Sabah in 2024–2025, and in 2025 continued supporting the **Guatemala Social Performance Project** to strengthen human rights and grievance mechanisms among palm oil suppliers.



# | South Central Forest Spine (SCFS)

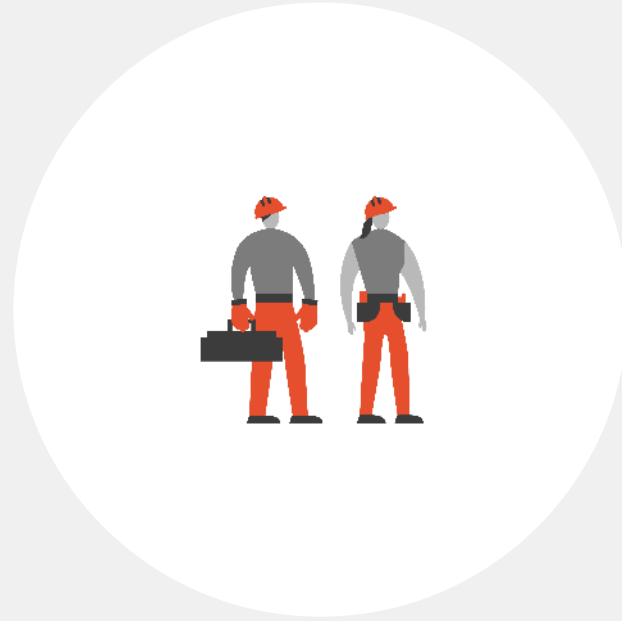
The [SCFS initiative](#) is a landscape-level partnership led by Earthworm Foundation that unites supply chain actors, local communities, and institutions to promote sustainable palm oil production while conserving critical ecosystems. It supports hundreds of mills in NDPE compliance, enables community-led wildlife conservation, and strengthens social and labour conditions for smallholders and workers.



Eco-tourism Training with Native Discovery

# | South Central Forest Spine (SCFS) Numbers

1



**3,753** workers saw improved working conditions

2



**1,671** smallholders farmers reached

3



**>8,400 ha** covered by the human-elephant coexistence program

1. The total number of workers positively impacted, directly and indirectly, through social and human rights interventions across the landscape..
2. The number of smallholder farmers reached through capacity building and field engagement, supporting improved practices and productivity.
3. The number of hectares of elephant range are being managed through community-led initiatives, reducing biodiversity loss and human-wildlife conflict.

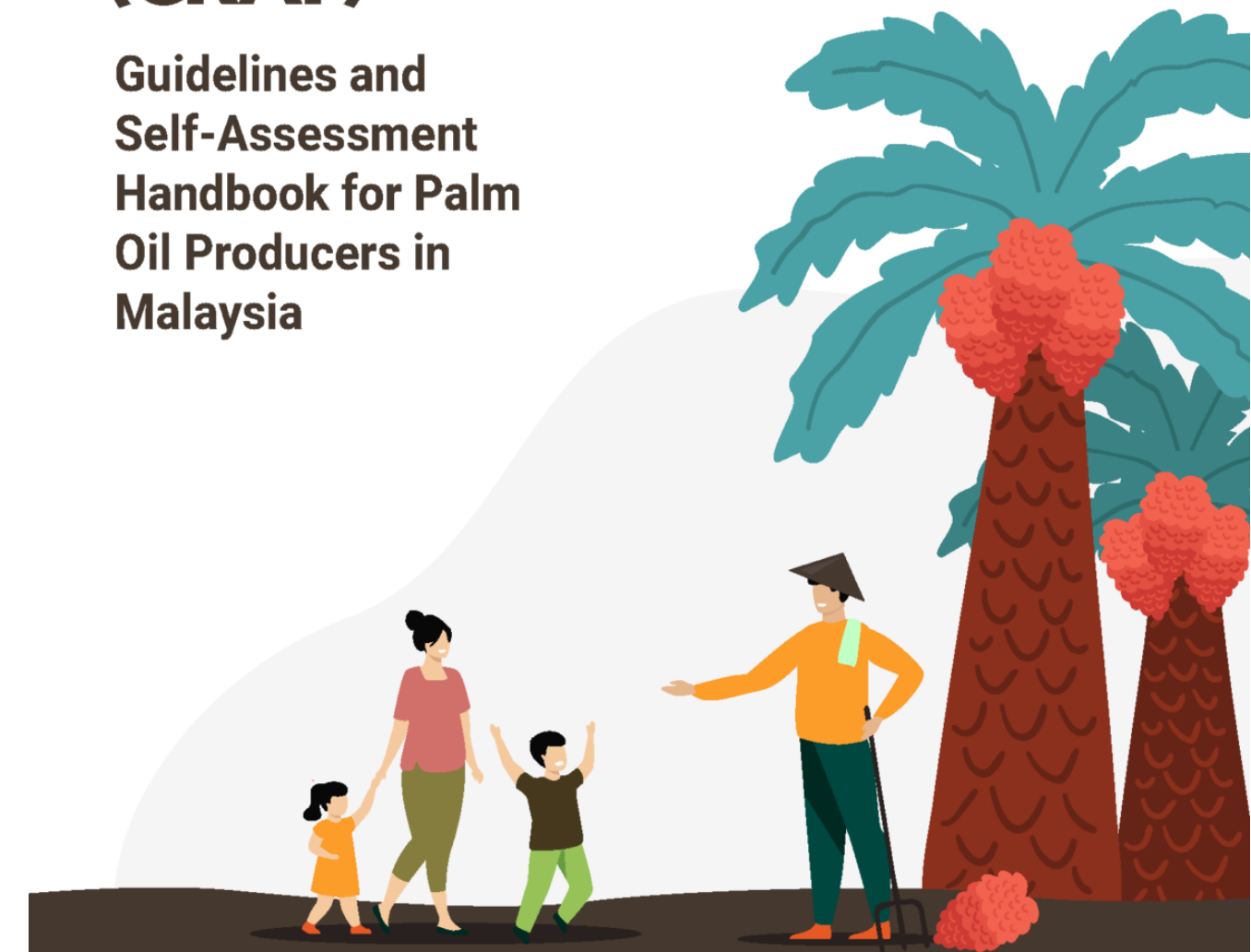
# | Child Risk Assessment Framework

CRAF is Earthworm Foundation's programme to safeguard children in palm oil landscapes. It provides practical tools and training for plantation personnel to identify and mitigate child protection risks, improving the wellbeing and safety of children in local communities.

 Earthworm

## **CHILD RISK ASSESSMENT FRAMEWORK (CRAF)**

**Guidelines and  
Self-Assessment  
Handbook for Palm  
Oil Producers in  
Malaysia**



## **362** children

The total number of children benefitted, indirectly enhancing child protection across plantation communities.



# | Guatemala Social Performance

This project strengthens social performance and human rights practices across Guatemala's palm oil sector. Implemented with Earthworm Foundation and GREPALMA, it includes human rights assessments, stakeholder engagement, and the development of action plans to improve grievance mechanisms and social accountability.



On-Site Supplier Training

# | Guatemala Social Performance Project Numbers

1



**12 mills participating**

2



**2 suppliers engaged**

3



**5 Capacity building and awareness activities**

1. The total number of mills, representing over 40% of Guatemala's palm oil production, participating in the initiative.
2. Key suppliers engaged through in-depth diagnostics and human rights assessments
3. Activities: 2 webinars on UE regulatory updates, 3 field trainings on conflict management and resolution

# | Deforestation and Conversion Free

The DCF approach defines responsible palm oil sourcing by verifying that volumes do not originate from areas deforested or converted after a defined cut-off date. Earthworm Foundation's methodology aligns with the Forest Positive Coalition's DCF framework and recognizes multiple compliance pathways, including certification, negligible-risk sourcing, satellite monitoring such as Starling, field assessments, and credible supplier controls. DCF status is determined through traceability, land cover monitoring and verification, with non-DCF volumes categorized to guide follow-up or remediation.



Field Visit

# | Deforestation and Conversion Free Numbers

1



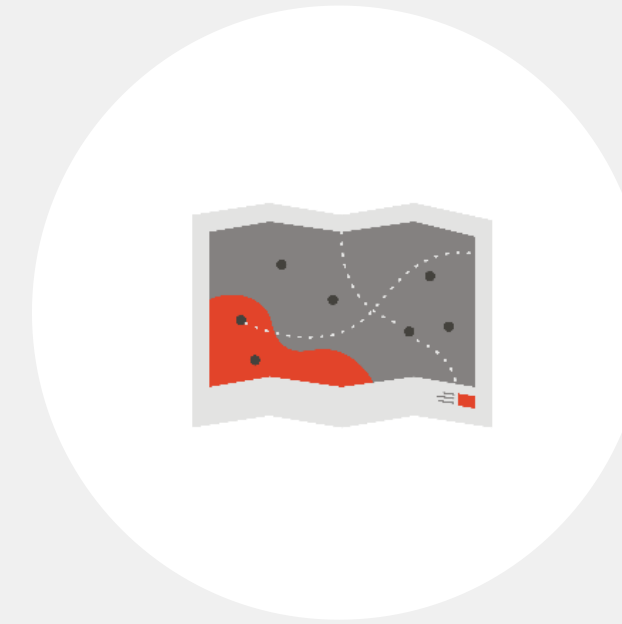
**100%** of Ferrero's palm oil is monitored

2



**99.1%** Deforestation Free Supply Chain

3



**98.6%** TTP

1. 100% of Ferrero's palm oil supply chain is monitored for deforestation and conversion using the Starling satellite monitoring service across all sourcing areas
2. Between July 2024 and June 2025, in partnership with Earthworm Foundation, Ferrero's DCF score was assessed at 99.1%. Furthermore, 97.7% was assessed as deforestation free using Starling satellite monitoring throughout all of Ferrero's sourcing regions. The remaining 0.9% was linked to Starling satellite monitoring alerts under investigation or to missing plantation-level traceability.
3. The high share of RSPO-certified Segregated palm oil enables strong supply chain visibility, achieving 100% traceability to mill and 98.6% traceability to plantation across Ferrero Group's palm oil sourcing.



## What we did together

- Advanced **human rights due diligence and ethical recruitment practices** in Peninsular Malaysia reinforcing safeguards within plantation communities and supply chains
- Contributed to **forest conservation and biodiversity protection** in Peninsular Malaysia, supporting human-wildlife coexistence and reducing deforestation risks
- Enhanced **child protection systems** in Sabah (Malaysia), improving awareness, prevention and remediation mechanisms to better protect vulnerable children
- Strengthened **responsible sourcing practices** across Ferrero's palm oil supply chain through supplier engagement in Guatemala
- Improved **supply chain transparency and traceability** across global sourcing origins, contributing to a **high level of deforestation-free supply** and greater long-term resilience.

## Key successes

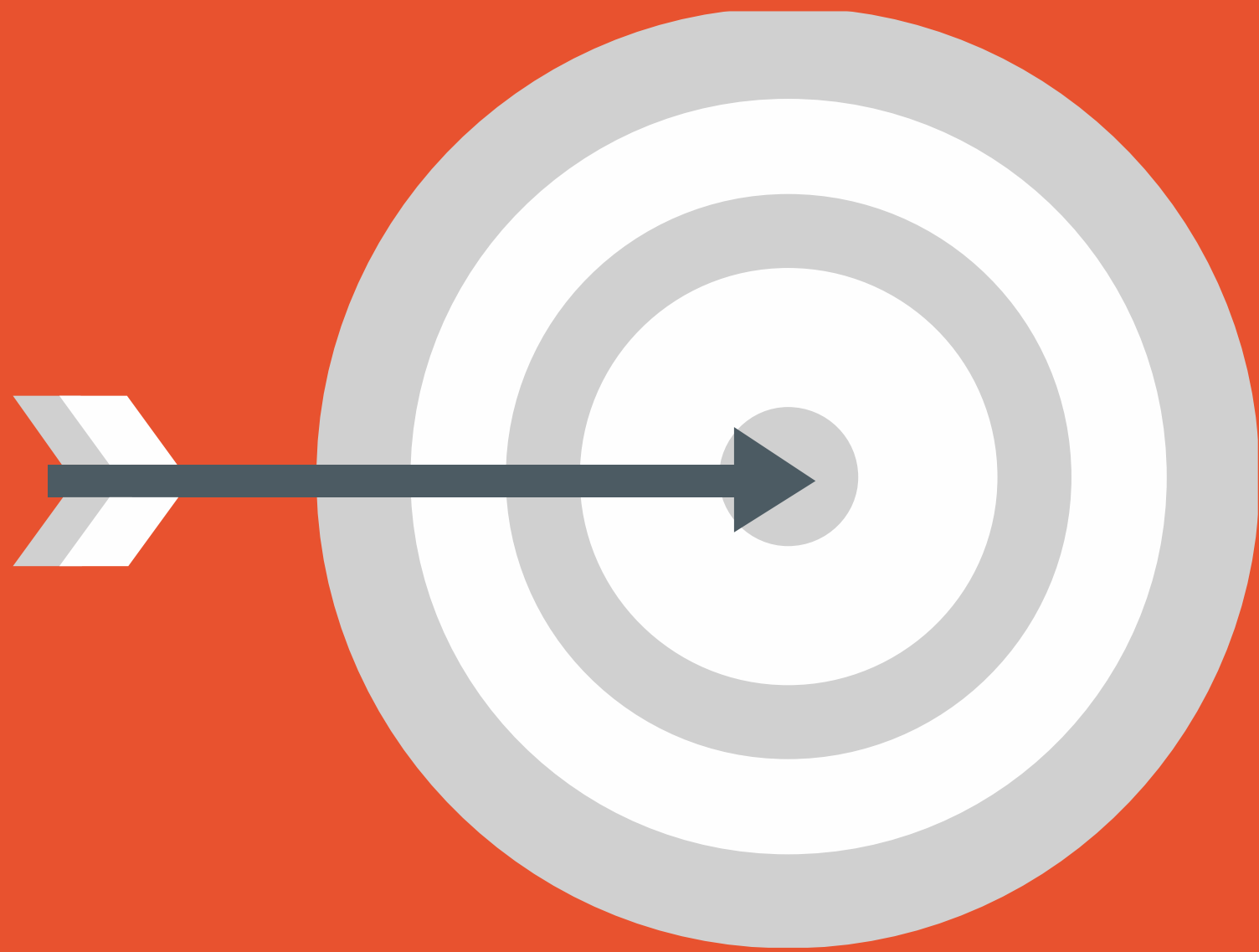


- Delivered a fully certified palm oil supply chain, achieving 100% RSPO certification and **near-complete plantation-level traceability**
- Secured a deforestation-free supply chain at scale, with **97.7%** of total Ferrero Group volumes — including M&A — **independently verified through satellite monitoring**
- Drove measurable human rights impact across sourcing landscapes, **improving conditions for thousands of workers and strengthening child protection in vulnerable communities**

## Challenges



- **Agriculture continues to drive global deforestation** while supporting vulnerable livelihoods, increasing environmental and human rights risks across palm oil supply chains
- **Structural supply constraints** — driven by climate volatility, labour shortages, and Indonesia's B40 mandate — are tightening global availability and sustaining price pressure
- **Policy-driven demand growth in Indonesia, India, and China** is accelerating sustainability and traceability requirements, increasing compliance complexity
- **NDPE-compliant and fully traceable volumes** are becoming commercially differentiated and increasingly constrained
- **Regulatory uncertainty** and export controls are heightening market volatility and reducing supply predictability



# Goals for 2026

- Strengthen human rights and social practices, scaling ethical recruitment, worker wellbeing and child protection initiatives, while fostering smallholder inclusion and resilience across sourcing regions
- Advance environmental protection beyond deforestation, progressing towards 100% deforestation-free supply, expanding landscape programmes, and supporting conservation and ecosystem restoration in key sourcing areas
- Reinforce transparency and traceability across the value chain, maintaining full traceability to mill and high traceability to plantation, while enhancing monitoring

