



# HAZELNUT CHARTER

## 2024-2026

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**We, the Ferrero Group (Ferrero) seek excellence along the whole value chain, with a particular focus on the social and environmental impact of the raw materials that we rely on to produce our products.**

**Through this Charter, we state our ambition to contribute to a hazelnut industry that is good for people and nature, and our commitment to making this ambition a reality through our approach to hazelnut production and sourcing.**

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### OUR JOURNEY

Ferrero's commitment to source hazelnuts sustainably has seen us work with farmers and partners to contribute to creating a hazelnut supply chain that creates value for all.

In 2012 we commissioned leading global certification firm, Scientific Certification System (SCS Global Services), to work with us in Turkey to develop a production standard for good agricultural and social practices, in the absence of a recognized certification scheme for hazelnuts. In 2013, together we launched the FFV (Ferrero Farming Values) hazelnut production standard for Turkey.

Since 2013 we have actively supported and participated in an extended public-private partnership with CAOBISCO (European Association of Chocolate, Biscuits & Confectionery Industries) and the ILO (International Labor Organization) in Turkey, through a project that aims to contribute to the elimination of the worst forms of child labour in seasonal agriculture in hazelnut harvesting.

Our desire to build supply chain relationships that create long term value for both hazelnut growers and the confectionery industry led to the creation of Ferrero's Hazelnut Company (HCo) in 2015. HCo is an example within the hazelnut

industry of a company with a fully integrated value chain, working from the farmers to the consumers.

In 2015 in Italy, as part of our responsible sourcing plan, we started to collaborate with the global assurance provider DNV GL with the aim to develop concrete actions on the ground with both farmers and associations.

As part of our ongoing commitment to sustainability, our Agrifarms in Chile and in Serbia have certified their own production processes under the Sustainably Grown Standard (developed by SCS Global Services) in 2019 and in 2020 respectively.

In 2019 we started our collaboration with Oregon State University, where teams are studying pest and weed management and farm diagnostics, for a more sustainable hazelnut production.

Since November 2020, Ferrero has also been working in direct partnership with the International Labour Organization (ILO), supporting a multi-year project to contribute to the elimination of child labour in seasonal agriculture in hazelnut harvesting in Turkey. This builds on our participation in the CAOBISCO and ILO partnership in Turkey.

With strategic support from Earthworm Foundation, in 2021 we developed our first Hazelnut Charter. This outlines both our long-term commitments and shorter term objectives for creating a hazelnut industry that brings benefits to everyone involved.

With the launch of this new Charter we further strengthen our commitments and set out the concrete actions we will take to continue to work towards a hazelnut industry that is good for people and nature.

**OUR AMBITION**

Our ambition is to be a driving force behind a hazelnut industry where its production creates value for all. A system where farmers and farming communities are thriving, workers’ and children’s rights are unequivocally respected, and environmental values are enhanced through regenerative agriculture practices.

For Ferrero, ensuring compliance with our own principles (Ferrero’s Human Rights Policy Statement and Ferrero Supplier Code), alongside adhering to the latest applicable laws and regulation, is a **Basic Requirement**. For suppliers, we monitor compliance with these requirements through value chain traceability, and a robust due diligence and consequence management approach. As part of the Ferrero Supplier Code, and in line with the ‘Basic Requirements’, we have also defined a clear set of principles and expectations which we require each of our suppliers to acknowledge.

At the same time, we recognise that delivering against our ambition requires us to go even further. Ferrero believes that fostering change and accelerating progress means **Going Beyond** compliance and consequence management alone, by taking a proactive position on key priorities and initiatives to create new solutions to complex challenges.

We know that *more can be achieved together*. We see partnerships and collaboration at every level – with suppliers, farmers, farmer communities, NGOs, scientists, universities, local, national and international authorities, peer companies and other industry stakeholders – as fundamental to achieving our ambition. This ambition is detailed under three pillars:

1. **Human Rights and Social Practices**
2. **Environmental Protection / Sustainability**
3. **Supplier Transparency**

Under each pillar we outline what is important to Ferrero, followed by our commitments on key priorities and initiatives (**“Go Beyond” section**).

The image below (**Image 1**) captures our initial high-level commitments under each pillar, which we aim to meet by December 2026.

Following this time, and once we have published our Action Plan and Progress Report, we will introduce more specific targets.

**FERRERO HAZELNUT CHARTER 24/26**

<p><b>01</b></p> <p><b>HUMAN RIGHTS AND SOCIAL PRACTICES</b></p>	<p><b>02</b></p> <p><b>ENVIRONMENTAL PROTECTION / SUSTAINABILITY</b></p>	<p><b>03</b></p> <p><b>SUPPLIER TRANSPARENCY</b></p>
<p>Ferrero through the on-going initiatives, <b>committing to further improve fair and safe working conditions</b> across its sourcing</p>	<p>Ferrero promoting <b>the development, practical application and expansion of the principles</b> of regenerative agriculture in hazelnut production</p>	<p>Ferrero maintaining and <b>straightening the level of traceability</b> for all its sourcing to farm level</p>

**The three pillars are founded on a DUE DILIGENCE PROCESS which covers all Ferrero suppliers.**

Image 1 Ferrero High Level Commitments

## **PILLAR 1**

### **HUMAN RIGHTS AND SOCIAL PRACTICES**

Ferrero believe in the importance to respect the human rights of all those involved in the supply chain and be a driving force in ensuring that the hazelnut industry creates value for all. Risks in the hazelnut supply chain arise from several complex and systemic challenges in some producing countries. Whilst Ferrero does not buy directly from producers in some countries and has a strict supplier code our suppliers must follow, we know that to create and implement the solutions to these challenges, we must take a holistic, innovative and collaborative approach. This includes working alongside suppliers, NGOs, universities, local national and international authorities, peer companies and others to help tackle these issues.

We believe those who grow hazelnuts or work in hazelnut production should benefit fairly from their efforts. Below we outline details of what we view as 'Basic Requirements' and how we go beyond these.

#### **BASIC REQUIREMENTS**

**Ferrero's own principles (Ferrero's Human Rights Policy Statement and Ferrero Supplier Code), applicable laws and regulatory requirements**

#### **No Forced, Bonded and Compulsory Labour**

All workers should enjoy freedom of movement and not be restricted through physical restriction, abuse, threats and practices, such as retention of identity documents. Workers should have the right to work freely, be aware of their employment terms in advance, and be regularly compensated. We oppose forced labour as defined by the ILO and condemn the use of all forms of forced or compulsory labour, including child forced labour, forced prison labour, indentured labour, bonded labour, modern forms of slavery and any form of human trafficking in our value chain.

We take the 11 ILO indicators<sup>1</sup> as reference to take appropriate steps to identify, prevent and address forced labour.

We require suppliers to:

- Take appropriate steps to identify, prevent and address forced labour issues

#### **Responsible Labour Recruitment<sup>2</sup>**

We recognise that addressing formal and responsible recruitment practices can prevent workers from falling into forced labour conditions. Responsible recruitment refers to hiring workers, including temporary workers and seasonal workers, lawfully and in a fair and transparent manner that respects their human rights.

We commit to ethical recruitment in line with the Employer Pays Principle – whereby no workers should pay for a job, and that the costs of recruitment should be borne by the employer. We follow ILO definition on recruitment fees and costs<sup>3</sup>.

We require suppliers to:

- Ensure that workers in the value chain, including at farm level, are recruited ethically. Moreover, no recruitment fees or other related fees should be paid by workers for their employment. Those fees can include for example, legal fees, lodging, personal protective equipment, medical exams, training, passport and visa processing
- Ensure that workers are recruited with respect of their basic rights which include provision of a written work agreement in a language understood by the worker and provided before the start of the work period, detailing information on wages, working hours, living and working conditions and benefits
- Adopt responsible labour recruitment, i.e. adhering to Pillar I of the Ferrero Supplier Code
- Share our responsible recruitment principles with their suppliers and other supply chain actors to collaborate and find appropriate actions for continuous improvement

#### **Fair and Safe Working Conditions<sup>4</sup>**

Fair and safe working conditions means respecting basic workers' rights. They include fair wages, fair working hours, a workplace free of discrimination and harassment, freedom of association and collective bargaining as well as safe and secure working environments and living conditions.

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<sup>1</sup> [ILO Indicators of Forced Labour](#).

<sup>2</sup> [Refers to Ferrero Supplier Code Section of: Fair Wages; Working Hours; Diversity and Inclusion, No Discrimination and Harassment; Health and Safety](#)

<sup>3</sup> [ILO General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs](#)

<sup>4</sup> [Refers to Ferrero Supplier Code Section of: Fair Wages; Working Hours; Diversity and Inclusion, No Discrimination and Harassment; Freedom of association and Collective bargaining; Health and Safety](#)

## Fair Wages

Ferrero recognises the importance of fair wages<sup>5</sup>. Our employees are provided with wages which meet or exceed the applicable laws, appropriate industry standards or collective agreements –whichever is higher. We are committed to provide a fair and competitive salary in line with the relevant ILO Conventions on wages<sup>6</sup>.

We require suppliers to:

- Follow local laws and pay as a minimum the provision of legally mandated wages for their own employees
- Take steps to implement fair wages for their own employees and in their supply chains

## Fair Working Hours

We recognise workers' right to fair working hours and the challenge of managing work-life balance, and the right to rest and leisure. We comply with the applicable laws and collective agreements, if any, on regular and overtime working hours. We seek ways to honour ILO Conventions on working hours and weekly rest, always taking work safety into consideration.

We require suppliers to:

- Follow local laws and collective agreements, on working hours and implement fair working hours

## Non-discrimination, Diversity, Equity and Inclusion

Ferrero values diversity, equity and inclusion and condemns any forms of discrimination and harassment, any inappropriate or disrespectful behaviour such as physical and verbal abuse, and sexual harassment in the workplace, including on manufacturing sites and farms.

We promote equal opportunities for all workers, including transient and temporary workers, seasonal workers and workers engaged in a country other than their country of origin or nationality. We also follow ILO Conventions on discrimination and migration for employment.

We require suppliers to:

- Commit to a workplace free of discrimination and harassment
- Provide and promote equal opportunities for all workers

## Freedom of Association and Collective Bargaining

Ferrero recognises the right of workers to form and join a trade union of their choice and the right to collective bargaining without fear of intimidation or reprisal. We oppose any discriminatory behaviours with respect to trade union organisation, union membership and activity in such areas as applications for employment and decisions on training, award, advancement, dismissal or transfer. We follow ILO Conventions on freedom of association, collective bargaining and workers' representatives.

We require suppliers to:

- Be accountable for respecting workers' freedom of association and their right to bargain collectively. Workers and/or their representatives shall be able to openly communicate with management regarding working conditions without fear of reprisal, intimidation, or harassment

## Health and Safety

Ferrero recognises the importance of providing and maintaining a safe and healthy working and/or living environment for all workers by addressing identified risks, carrying out preventive measures, assessing the effectiveness of those measures and seeking continuous improvements. We follow the ILO Convention on health and safety<sup>7</sup>.

We require suppliers to:

- Implement a safe, healthy and secure working environment for workers in accordance with local law
- Provide safe, clean and structurally maintained living facilities including access to potable water, electricity, clean shower and toilet facilities respecting the right of privacy, sanitary food preparation and storage facilities for workers, if applicable

## Respect The Rights of Child<sup>8</sup>

All children have the rights to education, protection from harmful work and exploitation, and a safe environment that fosters a child's playful spirit and healthy development. Child labour goes directly against this ambition.

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<sup>5</sup> Fair wage definition: The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events

<sup>6</sup> [ILO Declaration on Fundamental Principles and Rights at Work](#)

<sup>7</sup> [ILO Declaration on Fundamental Principles and Rights at Work](#)

<sup>8</sup> The term 'child' means every human being below the age eighteen years unless under the law applicable to the child, majority is attained earlier, in accordance with the UN Convention on Rights of the Child

Child labour is defined by the ILO as "work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development."

It refers to work that:

- Is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their right to education by:
  - Depriving them of the opportunity to attend school;
  - Obliging them to leave school prematurely; or
  - Requiring them to attempt to combine school attendance with excessively long and heavy work

We recognise ILO Conventions on Child Labour and we aim to align with the Children's Rights and Business Principles<sup>9</sup>.

We require suppliers to:

- Take appropriate steps and measures to identify, address and prevent child labour issues
- Respect children's rights by supporting the Children's Rights and Business Principles

### **Respect the Rights of Indigenous Peoples and Local Communities<sup>10</sup>**

Ferrero respects the rights, interests and perspectives of Indigenous Peoples and local communities.

We understand the importance and abide by local laws of undertaking consultation prior to any indigenous land acquisition, or any activities that might directly impact the rights of indigenous peoples and local communities to their lands, territories and resources.

We acknowledge the institutional challenge of undertaking such consultations according to local laws and seek ways to honour the principles outlined in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP)<sup>11</sup>.

Where applicable, we require suppliers to:

- Demonstrate practices in business operations that protect the natural environment and ecosystem, acting as the basis to safeguard ecosystem services, land rights, territories, traditional culture and livelihoods of local communities

- Seek ways to respect the free, prior, and informed consent (FPIC) principles, and work to apply engagement and consultation processes according to local laws and UNDRIP

### **Protect Environmental and Human Rights Defenders**

Ferrero recognises the roles and efforts of individuals and organisations who engage in activities to protect and advance the global environmental and human rights agenda. We are concerned about the increasingly difficult situation faced by environmental and human rights defenders, as well as for the communities they represent.

We require suppliers to:

- Share the same view as Ferrero and condemn all harm that impacts the safety and activities of environmental and human rights defenders, if applicable

### **GOING BEYOND**

#### **Fostering a more equitable value chain for the people producing hazelnuts**

#### **Through on-going initiatives Ferrero is committed to increasing child protection across its sourcing**

Some countries' supply chains are larger and more complex where hazelnuts are grown on small family-owned farms and the agricultural harvest is supported by seasonal workers.

Ferrero commits to take appropriate steps to identify, address, prevent and monitor child labour issues, and implement measures to protect children and address root causes across its hazelnuts sourcing.

Addressing child labour and child protection requires creating systemic solutions in partnership with national and local authorities, relevant institutions and key stakeholders, that are effective and beneficial for all parties involved. We commit to creating a safe working environment where children are not involved in work, whilst having the right to education through on-going initiatives.

We also commit to reinforce calls for better practices and dialogue to address the root causes of child labour, through multistakeholder engagement and cross-industry collaboration and partnerships.

<sup>9</sup> [Childrens-Rights-Business-Principles-2012.pdf \(unicef.org\)](#)

<sup>10</sup> [Refers to Ferrero Supplier Code Section of: Environmental related Human Rights Issues](#)

<sup>11</sup> [CUN Declaration on the Rights of Indigenous Peoples](#)

### **Through on-going initiatives, Ferrero continue to seek solutions to achieve enhanced social outcomes and farmer resilience**

Finding ways to enhance resilience in farming communities is key. At the same time, we recognise that in order to tackle some of the more complex social challenges, we need to have a thorough understanding of the context and create solutions based on this knowledge.

We believe the path to long lasting positive change comes from solutions created with the communities linked to the hazelnut value chain to enhance farmer resilience and reduce social risks during the hazelnut harvest season.

We commit to:

- Renew our participation in the CAOBISCO and ILO partnership in Turkey,
- Enhanced knowledge of key local community members on social aspects in seasonal agriculture and related legislation,
- Improving living and working conditions of the seasonal agricultural families,
- Implement and scale up direct intervention mechanism in areas where seasonal harvesting exists,
- Rolling out of well-being and provision of equipment to ensure continuation to the education services for children,
- Promote the inclusion of women in farming with equal pay for equal work, equal access to resources and information, and a specific focus on tackling the challenges faced by women,
- Work towards a living wage for all workers and a living income for all farmers.

## **PILLAR 2**

### **ENVIRONMENTAL PROTECTION / SUSTAINABILITY**

Ferrero recognises the role natural habitats, soil, and water play in regulating our climate and ensuring a healthy, biodiverse home for humans, animals and plants. We know that our hazelnut orchards and those we source from are connected to a wider, more global ecosystem. As such, the health of the orchards is deeply linked to the practices of the farmers and the health of the surrounding environment. Recognising the broader environmental impact, Ferrero understands the importance of monitoring and reducing carbon emissions throughout the supply chain as a crucial part of its overall commitment to addressing climate change.

We commit to work towards a hazelnut value

chain that not only respects the environment, but becomes a positive driver to regenerate biodiversity, soils and water systems. This results in healthy farming ecosystems that benefits farmers and the environment, while contributing to building resilience in the face of climate change. It also creates opportunities to reduce greenhouse gas emissions and enhance carbon storage on farms.

### **BASIC REQUIREMENTS**

**Ferrero's own principles (Ferrero's Human Rights Policy Statement and Ferrero Supplier Code), applicable laws and regulatory requirements**

#### **No Deforestation and No Conversion**

Although hazelnut orchards and new orchard developments are not typically linked to deforestation, we recognise the importance of preserving forests.

We require suppliers to:

- Not establish hazelnuts illegally (according to the laws of the country of production)
- Not convert natural and ecologically sensitive ecosystems, such as legally recognised High Conservation Value areas (HCV), with a cut-off date of 31st December 2020<sup>12</sup>
- High Conservation Value (HCV) areas contain rich biological, ecological, social or cultural values that are worth protecting for nature or local communities. The experience in the hazelnut sector shows us that these habitats can be easily overlooked and degraded.
- We require suppliers to obtain all legal approvals and permissions, when establishing new operations or expanding existing ones. Supplier shall keep documentary evidence of land use history and provide it, if requested
- Not establish hazelnuts in areas where hazelnut planting and cultivation could cause material degradation of the landscape and ecosystem services
- Adopt a no-deforestation and no-conversion policy that covers the entire business
- Document land use and changes on hazelnut farms and adjacent owned land

#### **Water Management and Conservation**

Freshwater is a precious resource and one that is increasingly under pressure from a growing global population. Although many hazelnut orchards are not irrigated, water use remains an important element to address.

<sup>12</sup> [EU Regulation on deforestation free products](#)



We require suppliers to:

- Minimise water loss by implementing efficient irrigation systems and adopting soil conservation techniques, including the use of cover crops and the incorporation of organic matter, to enhance soil water retention capacity
- Ensure quantity and quality of water sources are maintained or even improved

### Chemical and Fertiliser Management

While hazelnut cultivation is, in general, not highly reliant on chemicals or fertilisers, we acknowledge that there may be occurrences of excessive use or inappropriate application of chemicals and fertilisers, not consistently aligned with intended outcomes.

We require suppliers to:

- Not use chemicals included in the World Health Organization class 1a and 1b list<sup>13</sup>
- To store, handle, recycle, reuse, and dispose of dangerous materials, chemicals, and hazardous substances and their packages in accordance with the manufacturer's instructions
- Perform and promote an efficient use of nutritional and plant protection products, and put in place programs of integrated pest, weed and disease management, across their supply chain and among farmers

### GOING BEYOND

**Ferrero, in partnership with farmers and suppliers, fosters the principles of regenerative agriculture to enhance the biodiversity, soil health and climate change resilience of hazelnut orchards.**

**Ferrero is promoting and implementing regenerative agriculture principles in hazelnut farming across its own farms and in specific regions through targeted initiatives<sup>14</sup>.**

Hazelnut orchards, if grown through regenerative practices, can offer great benefits to the agroecosystem, through enhancing productivity, building soil health, protecting biodiversity, preserving water systems, and sequestering carbon. Regenerative agriculture principles are about supporting farmers to work in a way that protects nature. We embrace regenerative agriculture as a system of farming principles and practices that uses soil conservation as the entry point to help restore the ecosystem.

The objective is not only to enhance the environmental, but also the social and economic

dimensions of sustainable food production, while continuing to produce high nutritional and quality hazelnuts. We seek to work on our farms and with farmers to demonstrate the ways they can adapt to build more regenerative farming landscapes, and the benefits that come with these.

We commit to:

- Promote the development, practical application and expansion of the principles of regenerative agriculture in hazelnut production, through our farms and in collaboration with third party growers' associations
- Foster our existing network of demonstration plots, guiding farmers with integrated approaches to pest, disease, and soil health management, alongside recommendations for mechanisation and optimal nutrition and water conservation practices
- Establish comprehensive Farm Management Plans<sup>15</sup> across all our own farms in order to scientifically establish baselines and actions needed to implement the principles of regenerative agriculture and monitor progress against clearly identified outcomes
- Build capacity for regenerative hazelnut production across farms and supply chains through guidance and research

In addition, Ferrero will continue to:

- Identify and protect HCVs where we own or manage hazelnut orchards
- Raise awareness around the importance of HCVs in the hazelnut farming communities we source from

### Through selected initiatives fostering hazelnut climate change resilience

Climatic stresses such as, drought, heat waves and flooding – which impact agricultural crops globally – are now increasingly evident as a result of climate change. We promote the use of research and innovation to better understand which hazelnut varieties exhibit high resilience to extreme climatic variations as well as diseases. Additionally, we carry out studies on climate mitigation practices in hazelnut orchards with the aim to increase carbon sequestration in soil and trees, as well as enhancing resilience to climate change, such as through water-efficient irrigation, Integrated Pest Management (IPM), biological corridors and composting or cover cropping. This is considered pivotal for the benefit of growers and the broader hazelnut sector.

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<sup>13</sup> [The WHO Recommended Classification of Pesticides by Hazard and guidelines to classification](#)

<sup>14</sup> Selected territories in Italy, Chile and Turkey

<sup>15</sup> These will capture the existing physical characteristics of the farm including, but not limited to, existing vegetation and natural habitat, soil type and organic matter composition, water ways and water quality.

With our hazelnut farms spanning nine locations across four countries, and complemented by our agribusiness operations, we operate within diverse growing conditions. This enables us to identify which practices are best suited to each farming environment.

We commit to:

- Continue investing in long-term research in climate adaptation practices, including the identification and propagation of varieties best suited to the evolving growing conditions
- Share research and knowledge on climate risks, mitigation, and adaptation within the hazelnut sector

### PILLAR 3 SUPPLIER TRANSPARENCY

The existing environmental and social issues at the base of the value chain are often complex, systemic and deeply rooted. It is through transparency and an approach of shared

responsibility that we can create the greatest positive impact on people and the environment.

We believe in strong and productive relationships between suppliers, farmers, and other key stakeholders along the value chain such as NGOs, governments and scientists. We consider this as fundamental for tackling the systemic issues in the hazelnut sector and jointly creating a sustainable future for the sector. The image below (Image 2) captures the different types of hazelnut value chain.

#### BASIC REQUIREMENTS

Knowing where our raw materials come from

#### Traceability and Data Management

In 2023 (2022 North hemisphere–2023 South hemisphere) our level of traceability has reached 90% to farm level and we have a much better visibility of the value chain. Nevertheless, we are aware that to maintain this level of traceability requires the continuous effort of all actors across our supply chain.

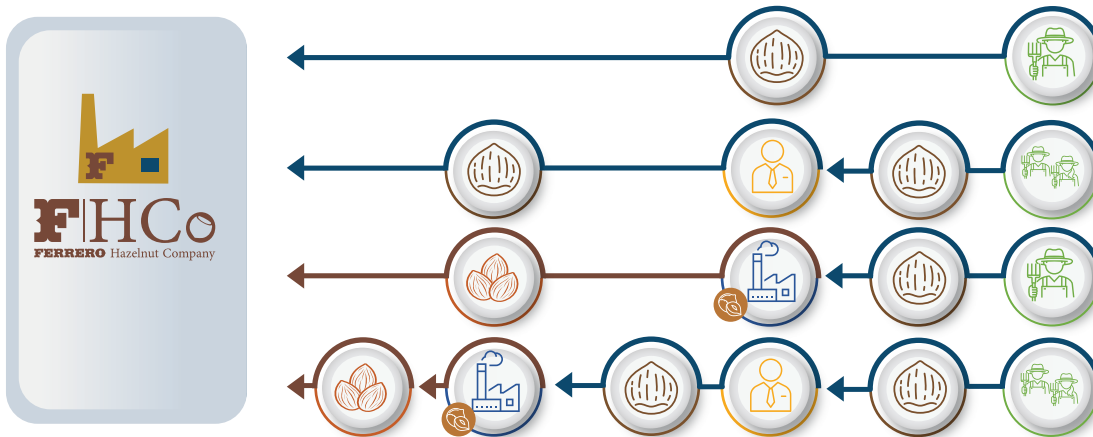


Image 2 Types of hazelnut value chain

Traceability is an essential building block of a fair and sustainable supply chain. The only way to meet commitments for quality and sustainability is to know where raw materials originate from and how they were produced.

Ferrero understands the importance of tracing hazelnuts to their source for all supply chain actors (from farmers to consumers). For Ferrero, this is not just a numbers exercise but a commitment to building a strong relationship with the businesses and farming communities involved. One that allows us to more precisely understand key challenges and, ultimately, realise sector wide benefits.

Information collected via our traceability platform are treated as confidential and handled in accordance with data protection legislation.

We require suppliers to:

- Trace their hazelnuts back to farm level, retain critical records and report and manage the information as per the agreed data set

Ferrero will leverage the resulting traceability data, within legal boundaries, to enhance transparency within our value chain and to set actions to implement the commitments under this Charter.



## GOING BEYOND

### Fostering data management and reporting

#### Through selected initiatives which support our management system

Ferrero ensures the three key pillars are managed along its value chain by adopting a due diligence-based approach and related consequence management (addressing issues directly with our suppliers), taking appropriate steps to have management systems in place, including the publication of an Action Plan and Progress Reports.

Engaging with our suppliers on a risk and data driven approach is also about developing a deeper understanding of our key challenges.

We commit to:

- Maintain and enhance our level of traceability each season, through continuous effort and improvement. Furthermore, we operate in line with the belief that traceability is a key driver for the evolution of the hazelnut value chain
- Give access, with dedicated tools, to our hazelnut suppliers to our traceability platform with the aim of visualising supply chains and enhancing their understanding of their own supply chain and traceability

#### Through selected initiatives which enhance our hazelnut value chain via research and innovation

Ferrero has developed broad expertise in the hazelnut sector and is working with hundreds of farmers each day. Developing a deeper understanding of key challenges and what we need to work on to realise our ambition for the hazelnut sector, is at the forefront of our supplier engagement. However, if we look worldwide, with over 1,000,000 hectares of hazelnut orchards and more than 600,000 farmers, a farmer-by-farmer approach alone will not achieve the changes needed to create resilience for farms and farming communities. For this reason, we recognise the power in driving innovation and research, with the aim of gathering the evidence to enable the adoption of solutions at scale. This will require targeted partnerships with universities, and other local stakeholder (e.g. governments, extension agencies, others) as well as leveraging financial and non-financial mechanisms to incentivise the adoption of changed practices.

We commit to:

- Promote research and share good hazelnut farming practices to improve farmer resilience, through yield and profitability increase

## GRIEVANCE MECHANISM

Ferrero is committed to ensuring remediation for grievances raised following the Ferrero Grievance procedure.

Ferrero commits to a robust, transparent and accessible grievance mechanism to enable stakeholders to raise a grievance. All grievances logged under the Grievance Mechanism<sup>16</sup> shall be dealt with in a timely and transparently manner.

Ferrero provides its "Integrity Helpline", managed by a third-party, which is open 24-hours-a-day, 365-days-a-year and can be accessed online and by phone in 43 languages. All notifications are managed confidentially, and Ferrero will promptly investigate any concerns raised.

## PUBLIC REPORTING

We are committed to transparency in order to accurately inform our stakeholders of our progress and the challenges we face along the way. Ferrero commits to publish action plans and provide regular updates every 12 months on the implementation of this Hazelnut Charter. We also invite stakeholders to provide regular input where relevant and possible.

## OUR STANDARDS

Ferrero remains committed to credible internal and external verification for both its own operations and that of its suppliers along the value chain. This involves a combination of internal standards and recognised certification standards.

Ferrero co-created, in partnership with SCS, its own standard, The Ferrero Farming Values (FFV) Production Standard, in order to outline the sustainable practices of hazelnut cultivation. This standard is updated annually through a multi-stakeholder consultation process.

Below we give details about the two standards that we apply on our own agrifarms and with farmers, in order to improve practices.

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<sup>16</sup> [www.ferrerointegrityline.com](http://www.ferrerointegrityline.com)

SCOPE	STANDARD	ELABORATION/ REFERENCE
<b>Ferrero's own Agrifarms</b>	Sustainably Grown	This Standard provides a comprehensive framework and common set of environmental, social, and economic requirements to demonstrate that agricultural crops have been produced in a sustainable manner
<b>Ferrero Agribusiness Development</b>	Ferrero Farming Values (FFV) Production Standard	This Standard, developed with third party partners, outlines the best practices of hazelnut cultivation to influence and drive sustainable changes along the entire hazelnut value chain.

We commit to:

- Make our FFV std publicly available on our website
- Make our Sustainably Grown std publicly available on our website