

**FERRERO**

# **HAZELNUT ACTION PLAN 24-26**

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## FERRERO RESPONSIBLE SOURCING APPROACH

Responsible sourcing is embedded in the way Ferrero does business. At Ferrero we take a continuous improvement approach to responsible sourcing. Our approach is built around supplier management and a robust due diligence, traceability and transparency, certification and standards. We know more can be achieved together and long-term partnerships and collaborations are essential. We take a risk-based approach and when needed we invest in our supply chains through targeted programmes to improve their environmental, social and governance (ESG) conditions and their overall standards. Through the activities of our sustainability programme, Ferrero Farming Values (FFV), we work to make a difference to the supply chains in which we operate.

Our responsible sourcing approach is founded on four steps (illustration on the right). **Our Supplier Code** reflects our basic requirement of Supplier Risk Management (Due Diligence). The building blocks above this step refer to our Charters being developed for our key raw materials, including hazelnuts, palm oil, dairy and others. Learn more in our **Ferrero Group Sustainability Report**.

The **Hazelnut Charter** sets out our vision for a hazelnut industry which, through continuous improvement, creates value for all. It outlines our long-term commitments with specific mid-term objectives (2026). Our aim is to be a driving force behind a hazelnut industry where farming communities are thriving, workers and children's right are respected, and environmental values are enhanced through regenerative agricultural practices.

## THE FOUR-STEP RESPONSIBLE SOURCING APPROACH IS ALIGNED TO OUR POLICIES AND GUIDES THE CHARTERS FOR OUR KEY RAW MATERIALS:



Applicable to all our suppliers: Due Diligence

Applicable to all our key materials



# HOW WILL FERRERO IMPLEMENT THE HAZELNUT CHARTER

## HAZELNUT CHARTER

The **Hazelnut Charter** lays out our **Responsible Sourcing Ambitions** and **Commitments** through 2026.

## HAZELNUT ACTION PLAN





A related **Action Plan** transforms our Ambitions and Commitments into **concrete actions**, highlighting key milestones.

## HAZELNUT PROGRESS REPORT

Periodic **Progress Reports** will share the **latest evidence** and **challenges** on our journey to achieve the milestones outlined in our Action Plan.

The Charter lays out our requirements and commitments for sourcing hazelnut responsibly.

Within this Action Plan we outline the steps we're taking to meet our commitments. Additionally, we will transparently share not only our progress, but also the challenges we face along the way. Every year, we will do this by publishing a Progress Report.

RESPONSIBLE SOURCING APPROACH	CHARTER REQUIREMENTS AND COMMITMENTS	KEY ACTIONS
 Programmes	<b>PILLAR I:</b> Human Rights and Social Practices	Renew strategic partnerships (ILO & Caobisco). Train Suppliers/farmers/workers on Health and Safety. Provide Health screening with mobile healthcare professionals. Train Suppliers/farmers/Labour intermediaries on forced labour, responsible recruitment, fair wages, fair working hours and local laws.
	<b>PILLAR II:</b> Environmental Protection	Promote Principles of Regenerative Agriculture. Promote and share research on good hazelnuts farming practices.
 Standards and Certifications	<b>PILLAR II:</b> Environmental Protection	Maintain the current agriculture standards (FFV and sustainably grown).
	<b>PILLAR III:</b> Supplier Transparency	Promote & Share Standards & Certifications.
 Supply Chain Visibility	<b>PILLAR III:</b> Supplier Transparency	Trace hazelnuts back to farm level.
 Supplier Risk Management Due Diligence	Basic Requirements - Due Diligence	Supplier's acknowledgment of Supplier Code. Audit Suppliers vs the Supplier Code.



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## PILLAR I: HUMAN RIGHTS AND SOCIAL PRACTICES

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### KPI

# Suppliers/farmers/Labour intermediaries trained on forced labour and local laws.

# Suppliers/farmers/Labour intermediaries trained on responsible recruitment.

# Suppliers/farmers/Labour intermediaries identified and trained on fair wages & local laws.

# Suppliers/farmers/Labour intermediaries trained on fair working hours and local laws.

# Suppliers/farmers/Workers trained on Health and Safety.

# Worker and family member reached by Health screening with mobile healthcare professionals.

# Family members and Farmers identified and trained on child labour.

# Children prevented from work.

# Improved accommodation & facilities x workers.

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## PILLAR II: ENVIRONMENTAL PROTECTION

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### KPI

# Farmers trained about efficient water use and supported with capacity building (knowledge sharing).

# Farmers reached and trained about chemicals and fertilizers management.

# Farmers/users reached with the Guidelines for Sustainable Hazelnut Production.

# Publication in Hco website of research on good hazelnuts farming practices sponsored by Ferrero.

Surface (Ha) of own farm certified SCS.

Surface (Ha) of FFV\*\* standard third parties verified farms.

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## PILLAR III: SUPPLIER TRANSPARENCY

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### KPI

Publication of FFV Std\* in Hco website.

% of hazelnuts traceable back to farmer level.

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## BASIC REQUIREMENTS - DUE DILIGENCE

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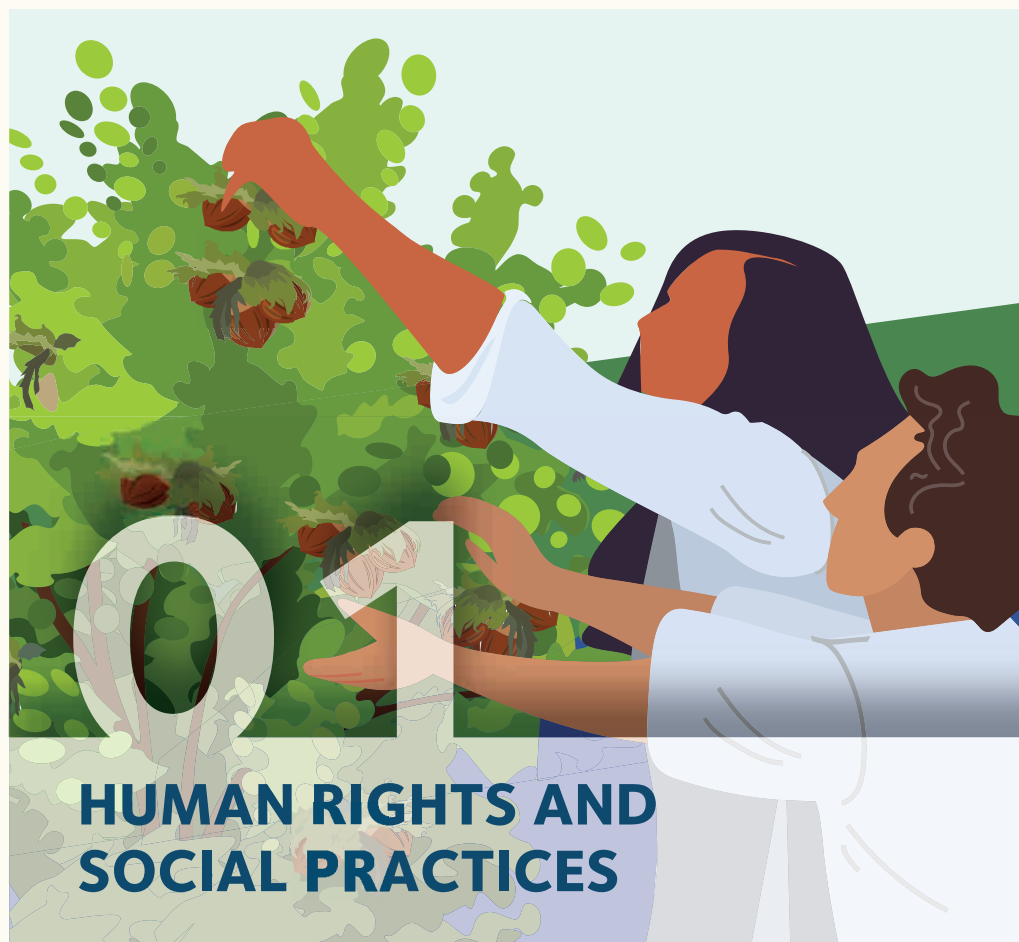
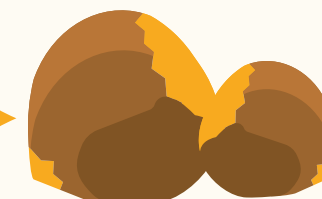
### KPI

% of supplier code acknowledged.

# of suppliers audited vs the supplier code.

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## HUMAN RIGHTS AND SOCIAL PRACTICES

Respect the rights of farmers, workers and their household, providing a **fair and safe environment fostering further child protection** across its sourcing.

### Commitment:

Ferrero through the on-going initiatives, **committing to further improve fair and safe working conditions** across its sourcing.



## ENVIRONMENTAL PROTECTION / SUSTAINABILITY

Implementing principles of **regenerative agriculture and cascading the learnings to farmers** in Ferrero value chain.

### Commitment:

Ferrero promoting **the development, practical application and expansion of the principles** of regenerative agriculture in hazelnut production.



## SUPPLIER TRANSPARENCY

Transition towards a **transparent market**, where value creation fosters scalable solutions.

### Commitment:

Ferrero maintaining and **straightening the level of traceability** for all its sourcing to farm level.



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## PILLAR 1

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### What does this commitment mean?

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.

### How will we work towards our commitment?

Ferrero will foster a more equitable and safe value chain for the people producing hazelnuts. Through on-going initiatives Ferrero is committed to increase child protection across its sourcing, to continue to seek solutions to achieve enhanced social outcomes and farmer resilience.

### Who will we work with?

We will do this through the activities of our FFV team on the ground engaging with farming communities, as well as by partnering with relevant organisations such as the ILO and local NGOs.





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## PILLAR 2

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### What does this commitment mean?

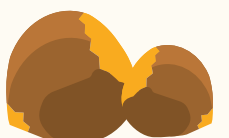
Ferrero recognizes the role natural habitats, soil, and water play in regulating our climate and ensuring a healthy, biodiverse home for humans, animals and plants. We know that our hazelnut orchards and those we source from are connected to a wider, more global ecosystem. As such, the health of the orchards is deeply linked to the practices of the farmers and the health of the surrounding environment. Recognizing 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.

### How will we work towards our commitment?

Ferrero will promote and implement regenerative agriculture principles in hazelnut farming across its own farms and in specific regions through targeted initiatives. Meanwhile through selected initiatives Ferrero will work to foster hazelnut climate change resilience.

### Who will we work with?

The experts in our Agri Competence Centre (ACC), will work together with our local agronomists, following the release of "Group regenerative agriculture guidelines", to implement the hazelnut regenerative agriculture guidelines.



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## PILLAR 3

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### What does this commitment mean?

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.

### How will we work towards our commitment?

We will maintain and enhance our level of traceability each season, through continuous effort and improvement. Furthermore, we will operate in line with the belief that traceability is a key driver for the evolution of the hazelnut value chain. We will continue to engage our suppliers on a risk and data driven approach.

### Who will we work with?

We are partnering with the traceability provider, Sourcemap. Through Sourcemap's platform, we will be able to support the value chain through data science, detect tomorrow's agricultural and social challenges, and ensure performance is continuously improving.



# GLOSSARY

TERM	DEFINITION
CAOBISCO	Is the <b>Association of Chocolate, Biscuit and Confectionery Industries of Europe</b> . It represents more than 13,000 European chocolate, biscuits and confectionery manufacturing companies, 99% of which are SMEs.
Community Development Pilot Project	The pilot project will focus on enhancing farmer resilience and reducing social risk. The project is using a new approach, to implement a community-based model with the aim of preventing child labour by improving the resilience of farmers, communities, and labour brokers.
ESG	Environmental, Social, and Corporate Governance is an evaluation of how an organization takes social and environmental factors into account. Typically, it is a score assigned by data surrounding specific metrics related to intangible assets within the enterprise. Supplier Chain Visibility: Ferrero works with Sourcemap on the journey to full traceability to farm level.
Farm Management Plans	Our baseline assessment and guide towards implementing the principles of regenerative agriculture on our farms.
Ferrero Farming Values (FFV) programme	Through the <b>Ferrero Farming Values</b> (FFV) programme, we work to make more quality sustainable hazelnuts available, with a focus on sustainable agricultural and social practices, and on enhancing traceability.
IUCN	<b>The International Union for Conservation of Nature</b> (IUCN) is a membership Union uniquely composed of both government and civil society organisations. By harnessing the experience, resources and reach of its more than 1,400 member organisations and the input of some 15,000 experts, IUCN is the global authority on the status of the natural world and the measures needed to safeguard it.



# GLOSSARY

TERM	DEFINITION
LCA	Life Cycle Assessment is a <b>methodology</b> for assessing <b>environmental impacts</b> associated with all the stages of the <b>life cycle of a commercial product, process</b> , or service. In the case of the hazelnut value chain, we are cooperating with <b>2.0 LCA consultants</b> .
Partnerships	Ferrero’s key partners in its hazelnut responsible sourcing programme are the <b>International Labour Organization (ILO)</b> , the United Nations agency for the world of work, and specialised and experienced organisations including <b>Earthworm Foundation and SCS Global Services</b> .
Standards and certifications	Ferrero co-created, in partnership with third party partners, its own standard, the <b>Ferrero Farming Values (FFV) Production Standard</b> . At our Agrifarms, we apply the <b>Sustainably Grown</b> certification.
Supplier Code	Across our supply chain, suppliers are required to sign our <b>Supplier Code</b> , which sets out our responsible sourcing expectations. Acknowledgement for Ferrero means the supplier recognises our requirements and agrees to comply.
Supply Chain Visibility	Ferrero works with <b>Sourcemap</b> on the journey to full traceability to farm level. In Italy we are also supported by <b>DNV</b> .



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**24-26 ANNUAL HAZELNUT ACTION PLAN**