

A close-up photograph of a person's hand holding a hazelnut. The hazelnut is brown and textured, with some green leaves visible in the background. The hand is positioned in the center-right of the frame, with fingers gently holding the nut. The background is a soft-focus green, suggesting a natural outdoor setting.

FERRERO®

ANNUAL HAZELNUT PROGRESS REPORT 2024



KEY FIGURES ON FERRERO'S PROGRESS IN 2024¹

	HUMAN RIGHTS & SOCIAL PRACTICES	ENVIRONMENTAL PROTECTION & SUSTAINABILITY	SUPPLY CHAIN VISIBILITY
PROGRAMMES	4,734 Suppliers/Local Authorities/Farmers/Labour intermediaries trained on forced labour and local laws. 1,336 Suppliers/Farmers/Labour intermediaries trained on responsible recruitment. 1,547 Suppliers/Local Authorities/Farmers/Labour intermediaries identifies and trained on fair wages, fair working hours and local laws. 1,336 Suppliers/Farmers/Workers trained on health and safety. 3,292 Worker and family member reached by health screening with mobile healthcare professionals. 1,752 Family members and farmers identified and trained on child labour. 3,044 Children prevented from work. 16 Improved accommodation & facilities per workers.	10,630 Farmers trained in efficient water use and supported with capacity building. 13,050 Farmers reached and trained in chemicals and fertilizers management. 12,000 Farmers / Users reached with the guidelines for sustainable hazelnut production.	100% Traceability to 943 Tier 1 suppliers (82% farmers). 93.9% Traceability to farmer (global). >90% Reached a global traceability score above 90%, in all the origins.
STANDARD CERTIFICATION	8 Ferrero Agrifarms certified sustainably grown SCS.	25,106 Farmers aligned with Ferrero Farming Values standards and practices.	86,411² Ha certified under SCS Global Services Sustainably Grown Standard or covered by Ferrero Farming Values Production Standard.
SUPPLIER RISK MANAGEMENT DUE DILIGENCE	100% Halzenut suppliers have acknowledged our supplier code.	34 Field suppliers' due-diligence audits performed.	55,000 Farmers in the supply chain.

¹ July 2024 - June 2025

² 81,611 ha covered by FFV Standard and 4,800 ha certified Sustainably Grown



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 programmes, we work to make a difference to the supply chains in which we operate.

Our responsible sourcing approach is founded on four steps. **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 halzenut industry which, through continuous improvement, creates value for all. It outlines our long-term commitments with specific mid-term objectives **(2026³)**. Our aim is to be a driving force behind a halzenut industry where farming communities are thriving, workers and children’s right are respected, and environmental values are enhanced through regenerative agricultural practices.

³ July 2024 – June 2027

FERRERO HAZELNUT CHARTER

The **Hazelnut Charter** lays out our requirements and commitments for producing and sourcing hazelnuts responsibly. In line with our **Supplier Code** it also sets specific short-term objectives.

ACTION PLAN FOR HAZELNUT

The **Hazelnut Action Plan** outlines our key actions to meet the commitments in our Charter.

RESPONSIBLE SOURCING APPROACH	CHARTER REQUIREMENTS AND COMMITMENTS	KEY ACTIONS
 Programme(s)	PILLAR I: 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.
	PILLAR II: Environmental Protection	Promote Principles of Regenerative Agriculture. Promote and share research on good hazelnuts farming practices.
 Standards and Certifications	PILLAR II: Environmental Protection	Maintain the current agriculture standards (FFV and sustainably grown).
	PILLAR III: Supplier Transparency	Promote & share Standards & Certifications.
 Supply Chain Visibility	PILLAR III: 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.



PILLAR I: 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.

Our Commitment: to further improve fair and safe working conditions across our sourcing, through the on-going initiatives.

What does this commitment mean?

We 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 we do 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 and national authorities, international institutions, peer companies and others to help tackle these issues. We believe that those who grow hazelnuts or work in hazelnut production should benefit fairly from their efforts.

How are we working on this commitment?

We are fostering a more equitable and safe value chain for the people producing hazelnuts. Through on-going initiatives we are committed to increase child protection across our sourcing, to continue seeking solutions to achieve enhanced social outcomes and farmer resilience.

Who are we working with?

We will do this through the activities of our **Ferrero Farming Values (FFV) team** on the ground engaging with farming communities, as well as by partnering with relevant organisations such as the **International Labor Organization (ILO), local NGOs and local authorities.**





ACTION: RENEW STRATEGIC PARTNERSHIPS (ILO & CAOBISSCO).

In 2024 we renewed our partnerships with ILO (PPP & CAOBISSCO) for another 3 years. In this new phase of partnerships, we confirmed the project's geographical scope (the key hazelnut-producing provinces, including Ordu, Giresun, Samsun, Sakarya, Düzce, Zonguldak, Trabzon, and 3 sending provinces Şanlıurfa, Adıyaman, and Diyarbakır) and the scope of activities, building upon the experiences and learnings from the previous years of implementation.

Under the Public Private Partnership framework, the project continue to enhance and facilitate the exchange of government, private sector, social partners and civil society experience in addressing child labour, particularly in hazelnut supply chain, as a means to maximize collective learning opportunities among the project stakeholders for elimination of Worst forms of Child Labour (WFCL) in agriculture. Additionally, lessons learned and good practices derived from the previous project intervention will be disseminated to other crop groups with a particular focus on good subject to export.

Key outcomes of the project include

1. National and local capacity for the elimination of WFCL in seasonal agriculture in hazelnut harvesting strengthened.
2. Working/at-risk children are withdrawn or prevented from work in seasonal agriculture and families take action in eliminating child labour.

3. Awareness on the elimination of WFCL in seasonal agriculture in hazelnut harvesting raised among public, national, local stakeholders and supply chain actors.





The developed intervention model is based on the lessons learned from the project's previous phases and aims at contributing to the withdrawal of children from work and the prevention of at-risk children being engaged in seasonal hazelnut agriculture. Furthermore, the model integrates a sustainable child labour monitoring mechanism in seasonal agriculture. Building on the experiences of the strategic intervention model and the monitoring mechanism, the project ultimately contributes to the policy-making and efficient implementation of the elimination of Worst Forms of Child Labor (WFCL) in seasonal agriculture. This phase aims also at developing an exit strategy to gradually transfer the responsibilities under the direct interventions activities; and raise awareness among national and local authorities as well as supply chain actors focusing on the multi-disciplinary nature of child labour to ensure that related issues are embedded into policy documents such as **National Employment Strategy (2025-2028)** and **Pathfinder Country Roadmap**, ongoing and planned social-sector initiatives, as well as new actions and measures adopted by the Government.



Recognizing the need for enhanced living and working conditions of seasonal agricultural workers, their families and children, we continue with the activities launched in 2023 to help to improve workers lodges.

Institutional collaboration was strengthened through a series of field visits and meetings. The **Steering Committee meeting** provided an opportunity to discuss project progress and gather feedback and recommendations from key stakeholders. Regional coordination meetings in the receiving provinces of Ordu and Sakarya further enhanced coordination and sustainability efforts in elimination of child labour. Additionally, other institutional visits contributed to improved stakeholder engagement and the wider dissemination of project activities.





Key achievements during the 2024 harvest season include the identification and referral of **3,044** children to schools or social support centers. Additionally, **2,027** children participated in social, cultural, and sports activities, and **611** took part in the ILO’s SCREAM (Supporting Children’s Rights through Education, the Arts and the Media) programme, surpassing their respective targets. Material support, including transportation, clothing, and educational kits, was provided to **2,735** children, while **170** families received dry food and hygiene vouchers, ensuring sustained engagement in education activities.

2,793 children benefitted from regular monitoring activities, **240** benefiting from in-depth monitoring. Across all monitored children, **32** children were referred to sports, social, cultural, and educational support activities in Şanlıurfa, Diyarbakır and Adıyaman, **320** children aged 14–18 benefitted from education consultancy programmes and psychosocial support. The activities fostered children's social skills, self-confidence, physical well-being, and technical literacy, while addressing emotional challenges like low self-esteem and social interaction difficulties. By mitigating risks of educational disengagement and the emotional strain of migration and economic instability, these initiatives helped children envision alternative career paths beyond seasonal agricultural work, offering both immediate and long-term benefits.

INTERNATIONAL LABOR ORGANIZATION & FERRERO FARMING VALUES TEAM & SUPPLIERS	2024
#of children reached	3,267
#of children prevented from work	3,044
#of families reached	4,435
#of intermediaries received training and counselling	516
#of garden owners received training and counselling	3,187
#of hygiene kits delivered	1,793
#of educational material delivered	2,954
#of children benefitting of nutrition support	3,016
#of children benefitting of transportation	2,490
#of children benefitting from social and cultural activitie	2,027
#of clothing sets for children	2,735
#of counselling sessions for family members	1,616



ACTION: TRAIN SUPPLIERS/FARMERS/WORKERS ON HEALTH AND SAFETY.

We recognize 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**.

We require suppliers to **implement a safe, healthy and secure working environment for workers** in accordance with local law and to 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.

Ensuring health and safety across the hazelnut value chain is essential for protecting workers, improving productivity, and maintaining product quality. From cultivation to processing and distribution, each stage presents unique risks that must be managed effectively.

In farming, workers face exposure to pesticides, machinery hazards, and ergonomic strain. Training should emphasize proper use of protective equipment, safe handling of chemicals, and injury prevention techniques. Regular health checks and hydration are also vital during harvest periods.

Processing facilities must address risks such as dust inhalation, noise exposure, and machinery accidents. Safety protocols should include equipment training, emergency procedures, and hygiene standards to prevent contamination and occupational illness.





Transport and logistics workers require guidance on load handling, vehicle safety, and fatigue management. Clear communication and proper documentation help reduce accidents and ensure traceability.

Creating a culture of safety involves continuous education, reporting mechanisms, and leadership commitment. By investing in health and safety training, stakeholders in the hazelnut value chain can foster a safer, more sustainable industry that benefits workers, communities, and consumers alike.

We work on awareness raising and capacity building activities for relevant stakeholders (farmers, suppliers, etc.) on health and safety, including HCo farms and factories using specific training material developed by Ferrero Responsible Sourcing.



In this first year of activities we have been able to train on health and safety:



40* Suppliers



780* Farmers



516* Labour intermediaries

*Results related to activities deployed in Türkiye & Chile

In Türkiye, we have defined our key target groups (farmers and suppliers) and localized the training materials developed by the Responsible Sourcing team. Trainings have already been initiated by the FFV team, with four sessions delivered in collaboration with the ILO, focusing on the Due Diligence Act and human rights requirements.



In Chile, trainings took place during the suppliers meeting on February 26-28, 2025.



TRAINING

05. Health & Safety

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What does our Charter say?

Health & Safety (H&S)

The agricultural sector employs 874 million workers globally, making up **27.4% of total employment** (ILO, November 2020). According to ILO estimates, at least 210,000 agricultural workers die from accidents annually, with a risk of death over **three times higher** than in other sectors. Mortality rates in agriculture have increased over the past decade, while other sectors have seen a decline. Millions more suffer serious injuries or poisoning from machinery and pesticides. Under-reporting suggests the actual situation is likely worse than official statistics indicate.

Working conditions in agriculture vary widely, from mechanized commercial plantations to traditional small-scale farming. Vulnerable groups include family subsistence farmers, daily laborers and seasonal/migrant workers. Many agricultural workers lack social protection due to limited coverage by national laws and sporadic enforcement. Poor labor inspection, inadequate training on hazards, and low worker organization contribute to this issue.

Addressing these hazards requires a comprehensive approach, including **empowerment**, usage of proper **protective equipment** and **operational routine processes** for safeguarding safe working conditions.

Clusterization of H&S Hazards in agricultural work:

- Ergonomic
- Chemical
- Biological
- Physical
- Mechanical
- Psychological
- Environmental

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Sources: ILO, [Agriculture: a hazardous work](#) | International Labour Organization

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H&S challenges in the agricultural work environment

Clustered Hazards and Precautions

1. Ergonomic



Hazards

- Repetitive motions
- Awkward postures
- Heavy lifting and manual handling

Precautions

- Usage of ergonomic tools and lifting equipment
- Establishment of proper lifting techniques
- Take of breaks

2. Chemical



Hazards

- Exposure to pesticides and fertilizers
- Irritation of breathing tract
- Contact with hazardous substances

Precautions

- Usage of personal protective equipment (PPE)
- Usage of storing and handling procedures
- Proper ventilation

3. Biological



Hazards

- Zoonotic diseases transmitted from animal to humans
- Exposure to bacteria, viruses and fungi
- Insect bites and stings

Precautions

- Usage of proper PPE
- Vaccination against zoonotic diseases
- Establishing good hygiene practices

4. Physical



Hazards

- Noise from machinery
- Vibration from equipment
- Extreme temperatures
- Increased sun exposure

Precautions

- Usage of personal protective equipment (PPE)
- Usage of appropriate clothing for temperature and sun protection
- Staying hydrated and in shaded areas

H&S challenges in the agricultural work environment

Clustered Hazards and Precautions

5. Mechanical



Hazards

- Injuries from machinery and equipment (powered and manual)
- Falls from heights
- Entanglement in moving parts

Precautions

- Regular maintenance and inspection of machines and equipments
- Usage of guards and safety devices
- Training on safe equipment operation

6. Psychological



Hazards

- Long working hours
- High stress level
- Isolation and mental health issues

Precautions

- Manage work hours to prevent excessive fatigue
- Encourage social interaction and support among workers
- Provide access to mental health resources and support

7. Environmental



Hazards

- Slippery or uneven surfaces
- Poor lighting
- Exposure to natural disasters

Precautions

- Keeping work areas clean and free of obstacles
- Usage of proper lighting in work areas
- Developing emergency plans for natural disasters



ACTION: PROVIDE HEALTH SCREENING WITH MOBILE HEALTHCARE PROFESSIONALS.

Health screening in rural areas faces unique challenges, including limited access to healthcare facilities and providers, leading to lower screening rates compared to urban areas. Addressing these disparities requires tailored approaches like integrating multiple screenings into one visit, utilizing patient navigators, and leveraging technology to overcome geographic barriers.

We are working in **Türkiye** with the **Provincial Directorate of Ministry of Health** to implement the **health Screening Project** in 3 provinces: Düzce, Samsun and Ordu.

The scope of the projects are perform health screening with mobile healthcare professionals, provide access to health services and tracking system and distribution of hygiene materials and first-aid kits for families and children. By recording the diagnoses and treatments results from health screening activities into the official tracking system of Ministry of Health, seasonal agricultural workers can continue their treatments and access healthcare services both in the provinces they migrate and their hometowns.

The project objectives are facilitating health services access and supporting safe and healthy living & working conditions as well as providing trainings on health & safety, hygiene, decent working conditions and food safety.

In **2024** we have been able to provide health services to **2,269 adults** and **1,023 children**.





ACTION: TRAIN SUPPLIERS/FARMERS/LABOUR INTERMEDIARIES ON FORCED LABOUR, RESPONSIBLE RECRUITMENT, FAIR WAGES, FAIR WORKING HOURS AND LOCAL LAWS.

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 have developed a dedicated Training on Ethical Labour Practices for the Hazelnut Sector, built on the following principles.

Suppliers, farmers, or labor intermediaries in the hazelnut supply chain carry the responsibility to ensure that all workers are treated fairly and in accordance with the law. This training outlines the key principles to guide their practices:

1. Forced labour:

Hazelnut harvesting must be free from coercion. Workers must not be forced to work through threats, debt, or withheld documents. All labour must be voluntary and respectful of human dignity.

2. Responsible recruitment:

Recruitment must be transparent and fair. Workers should never pay fees to secure jobs. Contracts must be clear, in a language they understand, and

signed freely. Labour intermediaries must be registered and accountable.

3. Fair wages:

Workers must be paid at least the legal minimum wage, with timely and documented payments. No unlawful deductions are allowed. Wages should reflect the effort and hours worked, especially during peak harvest seasons.

4. Fair working hours:

Working hours must comply with national labour laws. Overtime must be voluntary and fairly compensated. Workers are entitled to rest breaks, weekly days off, and seasonal leave.

5. Compliance with local regulations:

All employment practices must follow local labour laws and international standards. This includes registration of workers, social security contributions, and workplace safety.

6. Commitment to practices:

Ethical labour practices improve productivity, reduce risks, and enhance the reputation of the hazelnut industry. If you witness or suspect violations, report them through appropriate channels.



We carry out awareness-raising and capacity-building activities for key stakeholders (such as exporters' unions and suppliers) on the Due Diligence Act, in collaboration with international institutions like the ILO.

Training on forced labour and local laws



105* suppliers



146* local and central authorities



3,967* farmers



516* labour intermediaries

Training on responsible recruitment



40* suppliers



780* farmers



516* labour intermediaries

Training on fair wages and local laws



105* suppliers



146* local and central authorities



780* farmers



516* labour intermediaries

*Results related to activities deployed in Türkiye & Chile



TRAINING

02. Responsible Recruitment

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What is Responsible Recruitment

Understanding the Employment Cycle of a Worker and Potential Risks

1 Recruitment & Placement

- Advertisement (job description)
- Shortlisting
- Interview
- Terms and conditions for work, tasks, benefits and compensations
- Contract
- Onboarding

2 Employment & Working Conditions

- Employment relationship
- Discrimination in employment
- Harassment or abuse
- Forced labour
- Child labour
- Freedom of association and collective bargaining
- Health and safety
- Hours of work
- Compensation

3 Termination & Repatriation

- Workers are informed of the terms of termination and secession formalities
- Off boarding and exit interview
- If repatriation is involved, worker has to be provided with necessary departure assistance and in accordance with standard practices

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What is Responsible Recruitment

How should an Employer initiated Recruitment Fees & Costs look like?

Items	Workers pay	Employer pay
Identity documents: Costs related to obtaining documents to acquire a passport (Example: National Identity Card)	✓	
Passport: payment for passport		✓
Medical costs: payments for medical examinations, tests or vaccinations		✓
Insurance costs: costs to insure the lives, health and safety of workers, including enrollment in migrant welfare funds		
Costs for skills and qualification tests: costs to verify workers' language proficiency and level of skills and qualifications, as well as for location-specific credentialing, certification or licensing		
Costs for training and orientation: expenses for required trainings, including on-site job orientation and pre-departure or post-arrival orientation of newly recruited workers		
Equipment costs: costs for tools, uniforms, safety gear, and other equipment needed to perform assigned work safely and effectively		
Travel and lodging costs: expenses incurred for travel, lodging and subsistence within or across national borders in the recruitment process, including for training, interviews, consular appointments, relocation, and return or repatriation		
Administrative costs: application and service fees that are required for the sole purpose of fulfilling the recruitment process. These could include fees for representation and services aimed at preparing, obtaining or legalizing workers' employment contracts, identity documents, passports, visas, background checks, security and exit clearances, banking services, and work and residence permits.		

Source: Fair Labour Association

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Responsible Recruitment

Key Suggestions



You cannot require workers to lodge "deposits" as a condition of employment (e.g workers' passports or ID, work permits, bank books, ATM cards, or other personal documents)



You are applying due diligence on third-party recruitment partners or agencies to ensure, **require to uphold workers rights are in place**



No deductions in the compensation for work equipment, including uniforms, and basic needs such as water and first aid are applied

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CASE STUDY: TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI (TEGV)

A Day in the Life

A Safe Space to Learn and Grow

Seasonal migration for hazelnut harvest often disrupts children's education and puts them at risk of child labor. Through the **"Four Seasons Education Project"**, TEGV and Ferrero provide an alternative: a safe environment where children can learn, play, and thrive.

Story:

Every morning in the harvest season, children wake up in their camp areas with their families. Instead of going to the orchards, they eagerly board the shuttle to the **TEGV "Firefly" learning units**. One child, who convinced her parents to let her join, looks forward to this time all year. The day begins with morning exercises and breakfast, followed by interactive activities in math, science, reading, and sports. Children also create materials they proudly take back to their families, explaining what they learned. For parents, it is peace of mind; for children, it is a chance to simply be children. At the end of the day, one child wrote in their diary: "It feels like today was not my first day at TEGV, but my first day on earth."

Impact:

By keeping children away from the orchards and placing them in an inspiring environment, the project protects their rights and nurtures their talents, ensuring that childhood is filled with learning, joy, and hope.





PILLAR II: ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

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

Our commitment: To work towards a hazelnut value chain that not only respects the environment but becomes a positive driver to regenerative biodiversity, soil and water systems.

What does this commitment mean?

We recognize 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, we understand 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 we are working on this commitment?

We advance this commitment by promoting and sharing research with farmers, collaborating with institutions, providing training and educational materials, and establishing partnerships with research organizations.

Who are we working with?

We collaborate with farmers, research institutions and local partners who share our sustainability vision. In addition, Ferrero has a large team of agronomists and the Agri Competence Centre (ACC) that work support the deployment of these activities.





ACTION: PROMOTE AND SHARE RESEARCH ON HAZELNUTS FARMING PRACTICES.

One of our key commitments in the hazelnut business is to **promote** and **share research** on hazelnut cultivation. Within our company, the **Agri Competence Centre (ACC)** plays a central role in this effort. The ACC develops and coordinate research projects in collaboration with universities, research institutions, and industry partners. Our focus areas include pest and disease management, regenerative farming, sustainable water use, and the development of climate-resilient cultivars, among others.

The ACC aims to address emerging and evolving challenges in hazelnut production by generating research-based insights and practical solutions that can be applied both within our company and across the global hazelnut community. Currently, more than **60 active research projects** are ongoing. These enhance crop quality and productivity, improve pest management, promote soil health, and optimize resource efficiency.



Some of our partners

To ensure broad dissemination of knowledge, Ferrero actively **shares research findings through conferences, technical seminars, and industry events**, fostering dialogue and collaboration among researchers, agronomists, and farmers. As an example, we support and actively participate in the International Congress on Hazelnut and the Encuentro Nacional del Avellano (ENA).

We own **10 hazelnut farms across four countries**, where our teams test and demonstrate advanced agricultural practices and technologies. They act as **knowledge hubs**, offering farmers the opportunity to experience first-hand hazelnut cultivation techniques and receive practical training.

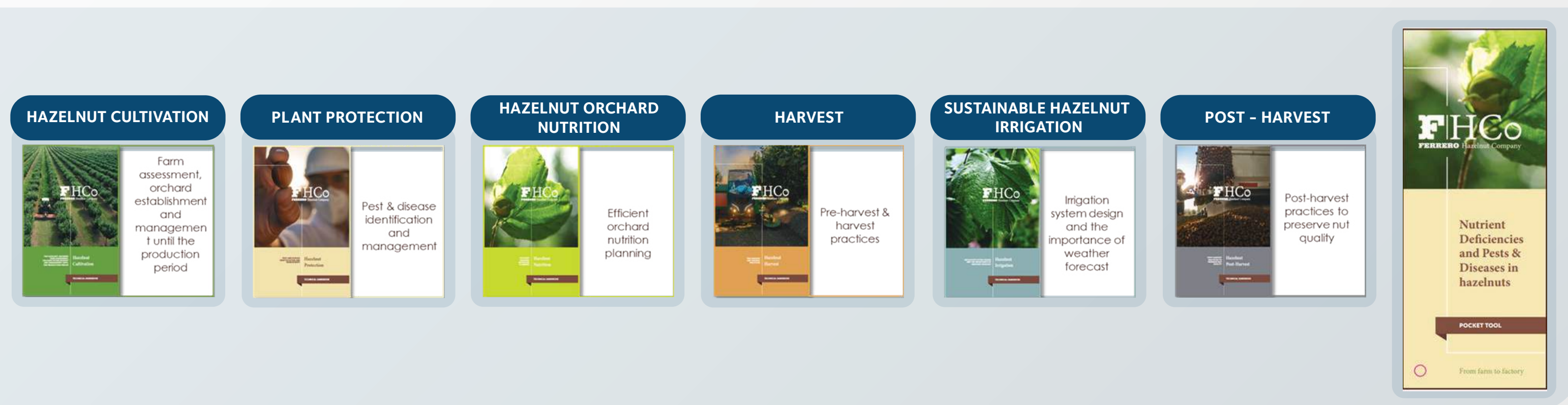
In Italy, we have established **six Demonstration Farms** strategically located across the country. These farms aim to modernize and optimize the local hazelnut value chain while targeting some specific cultivation aspects, relevant for the concerned regions.





To complement these initiatives, we have created a **comprehensive set of educational materials** for growers, including **six Technical Handbooks** and a **Pocket Tool**. The handbooks provide step-by-step guidance on all stages of hazelnut production—from orchard establishment to irrigation, fertilization, plant protection, and harvesting. The Pocket Tool offers a practical field reference to help farmers identify nutrient deficiencies, pests, and diseases. These materials are distributed at training sessions, technical visits, and events, and are available in **six languages** to meet the needs of growers worldwide. For the moment we have distributed **3,300 copies** of this material.

As a result, we have developed broad expertise in the hazelnut sector working with hundreds of farmers each day. Developing a deeper understanding of **key challenges** and what we need to work on to realize 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 incentivize the adoption of changed practices.





ACTION: PROMOTE PRINCIPLES OF REGENERATIVE AGRICULTURE.

In partnership with farmers and suppliers, we promote the principles of regenerative agriculture to enhance ecosystem health and farmer wellbeing. We aim to demonstrate and scale regenerative farming practices that work in harmony with nature, supporting the long-term resilience of hazelnut production systems.

We recognize that hazelnut orchards are part of a broader global ecosystem, where their health depends on both farming practices and the surrounding environment. Our goal is to build a hazelnut value chain that not only respects nature but actively **restores biodiversity, enriches soil, and protects water systems**. By promoting these practices, we aim to create **healthier, more resilient farming ecosystems**.

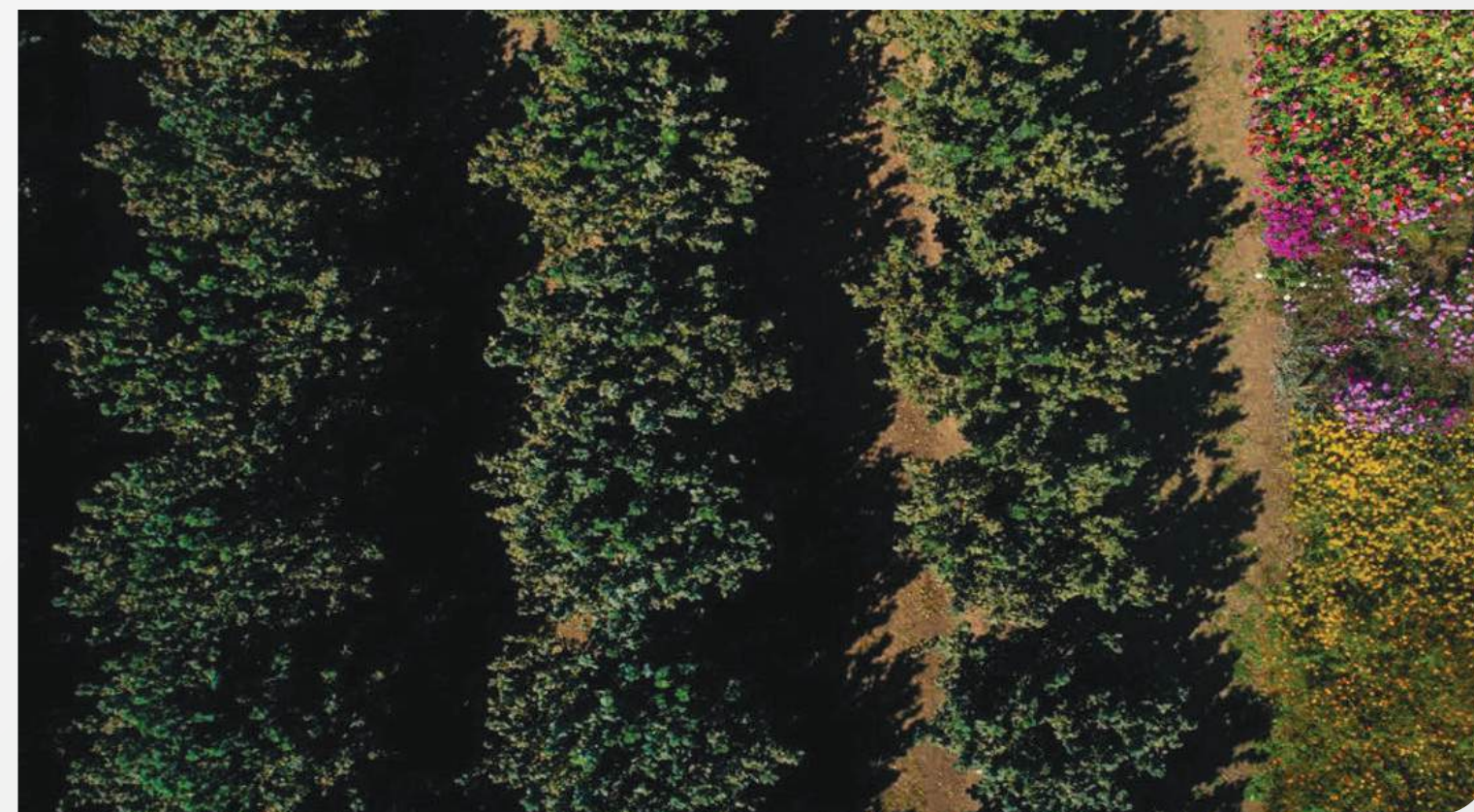
The core component of our regenerative approach is **farmer capacity building**. Across major hazelnut-producing countries, our agronomy teams work directly with farmers, providing hands-on training and technical support. The training focuses on the most critical aspects of sustainability, **responsible chemical and fertilizer management, and efficient water use**. In 2024, Ferrero trained **10,630 farmers** on sustainable water management and conservation, and **13,050 farmers** on responsible fertilizer and chemical use. By investing in farmer training, Ferrero builds long-term resilience across the hazelnut value chain and cascade further down the principles of regenerative agriculture.

In addition, we developed the **“Guidelines for Sustainable Hazelnut Production”**, in collaboration with **IUCN** (International Union for

Conservation of Nature), an extension of the Hazelnut Charter that provides a more detailed explanation of **regenerative farming practices** applicable to hazelnut orchards. This document was shared with **12,000** hazelnut farmers worldwide.

Together with **Quantis**, a leading sustainability consultancy company, we have defined a **holistic framework** for supporting and **monitoring** regenerative agriculture implementation in our value chain.

It includes a set of **relevant impact KPIs** designed to monitor progress toward **climate, nature, and livelihood goals** (e.g., SBTi, SBTN, Living Income, CSRD), effectively linking high-level sustainability commitments with **practical action and measurable results** across our supply chain.





Impact areas and indicators

Prioritised impact areas and indicators for monitoring regenerative agriculture impacts and ensuring delivery on overarching climate, nature, and livelihood ambitions.

Ambition framework	Impact area	Indicator	Metric
 SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION		Soil Organic Carbon	t C/ha
		Carbon stock/removals	t C/ha
		GHG emissions	kg CO2eq/unit product
 SCIENCE BASED TARGETS NETWORK GLOBAL COMMONS ALLIANCE		Blue water withdrawals	m3/ha
		Naturalness (habitat)	%natural/restored per km2
		Farm/plant diversity	#plant/crop species
		Pesticide use	EIQ or CTU
	  	Fertilizer use (efficiency)	NUE or Kg N/ha
 The Living Income Community of Practice	 	Deforestation & conversion	DCF
		Farm income/profitability	Income/year

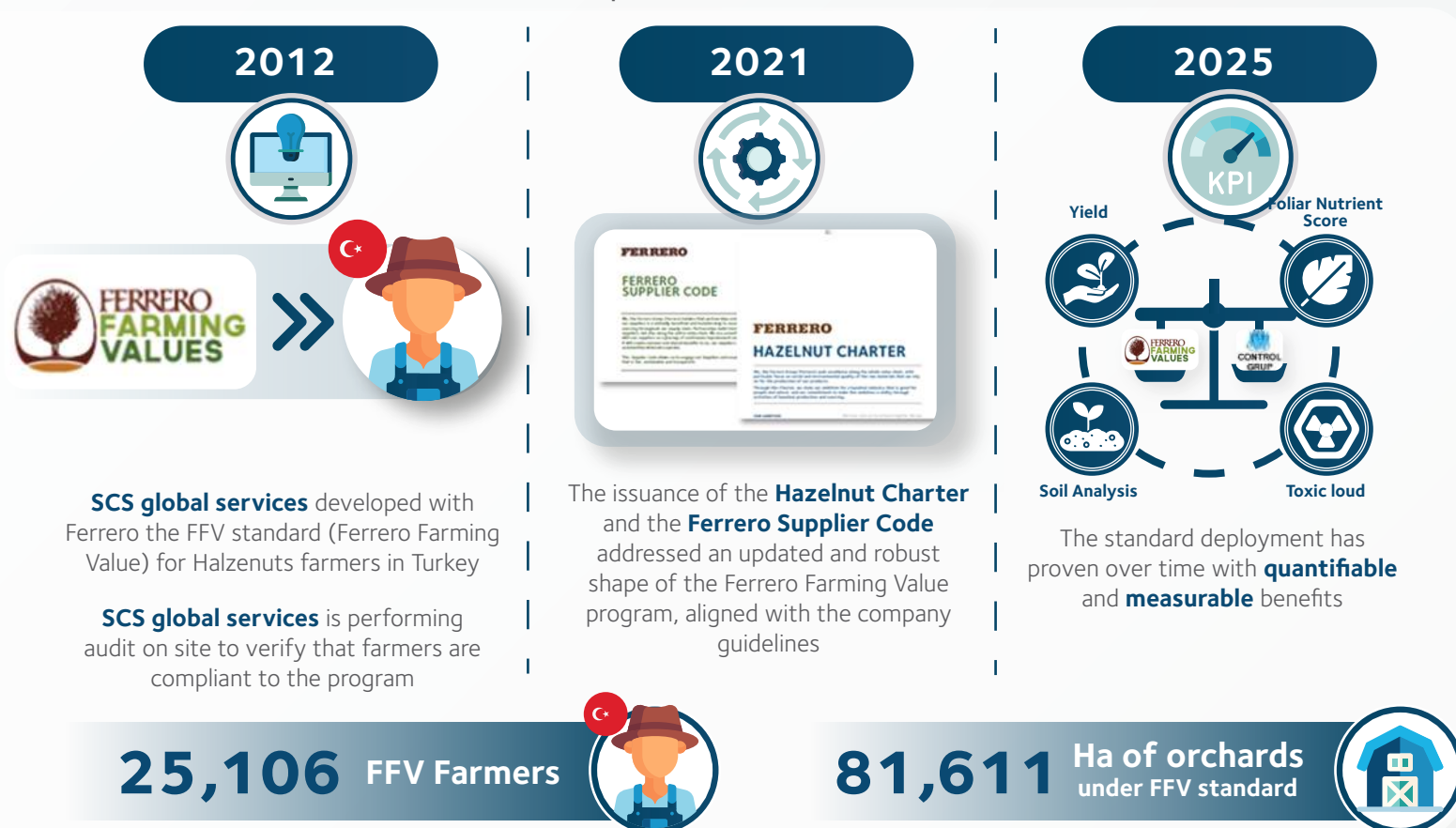
 Climate  Water  Biodiversity  Livelihoods



ACTION: MAINTAIN THE CURRENT AGRICULTURE STANDARDS (FERRERO FARMING VALUES AND SUSTAINABLY GROWN).

Since **2012**, **SCS Global Services** (SCS) has overseen the audit programme for the **Ferrero Farming Values** (FFV) Production Standard in Türkiye and, in **2021**, it was updated with a stricter requirement. From an audit planning and execution standpoint, we improved the way we define the sample of the farms to audit. In addition, for statistical purposes, we surveyed a group of farms not involved in the FFV Production Standard (as control group farm).

In **2024**, **25,106 farmers** were under the **Ferrero Farming Values** (FFV) Production Standard for an equivalent area of **81,611 ha**.



During **crop 2024**, the audit program reached **290 FFV farms** in five regions. For those FFV farms, all the identified non-compliances were tackled through a corrective action plan.

In **2023** a Pilot was conducted on two KPI, that were surveyed and compared between the FFV producers and "Control Group Farms":

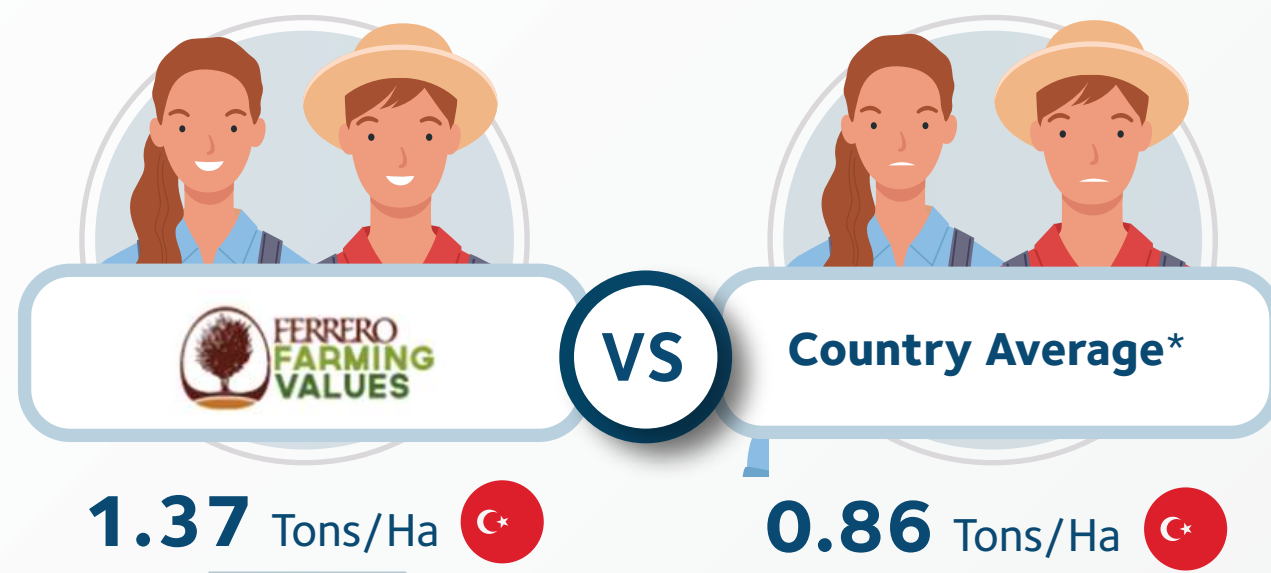
- **Yields**, with the goal to measure productivity and farmer profitability
- **Foliar analysis**, to measure plant health and balance between the nutrients

In **2024**, the sample of the 2 groups for the KPI survey and comparison (FFV farms and Control Group producers) reached about 200 farms each. And for the first year, we introduced two new KPI:

- **Soil Analysis**, to measure soil health and fertilization impact overseeing the balance between the nutrients
- **Toxic Load Analysis**, to evaluate the accumulation of toxic additives in the soil from pesticide application.



Through the KPI survey conducted by SCS Global Services, in 2024 we obtained a comparison of the national average yield with the average yield of the FFV farms in Türkiye.



The overall result of the KPI survey and comparison highlights that:

- The **average yield** of the of the FFV farms in Türkiye is **60% higher** compared to the **average of the whole country**
- The **soil analysis** is not showing insightful differences between the **2 surveyed groups**, pointing out a comparable fertilization impact
- The **foliar analysis** has a similar outcome in the **2 groups**
- The **toxic load** measured for the FFV farms is **10% lower** compared to the **Control Group farms**

Our Agrifarms in Chile and Serbia have been certified under SCS Global Services **Sustainably Grown** standard, for a total of **8 farms and 4,800 ha**.

The **Sustainably Grown standard** provides a comprehensive framework and common set of requirements grouped into three categories (Business Integrity, Sustainable Farming Practices, and Ethical Stewardship). The standard ensures producers work diligently to provide a safe and healthy work environment, support farm communities, and protect vital environmental resources such as clean air, clean water, and wildlife habitat while reducing energy consumption and carbon emissions.

In **2023**, **SCS Global Services** carried out the surveillance audit in **AgriSerbia**. It also reviewed employee working conditions, health and safety, and social practices. We retained the **Sustainably Grown Standard** we have had **since 2020**, confirming our commitment to the sustainable development of the hazelnut value chain.

AgriChile is also certified under the Sustainably Grown Standard, **since 2019**. This also reassures customers that we are meeting the highest environmental, social, and economic sustainability standards, that farm workers and their communities are protected, and that farms are economically resilient.

*Average yield of the country from Ministry of Agriculture and Forestry



CASE STUDY: PROGETTO ITALIA

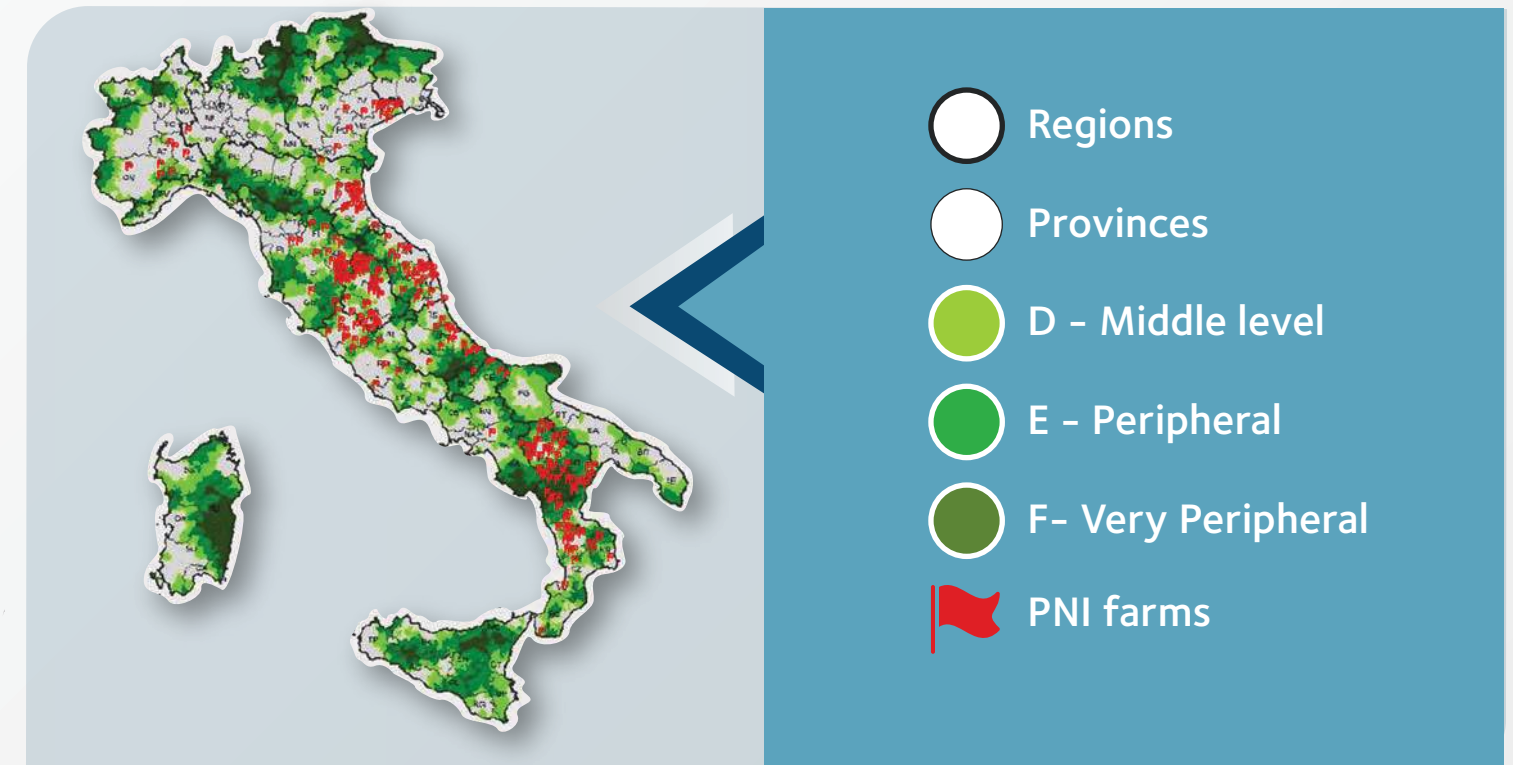
Ferrero Hazelnut Company is Ferrero department dedicated to the integrated management of the hazelnut value chain. It aims to maximize the availability of quality and sustainable hazelnut for industrial purposes, mastering different domains such as agribusiness, procurement and industrial processing.

Ferrero HCo directly contributes to protect and to relaunch the Italian hazelnut value chain. It currently works to strengthen competence creation within the industry and to promote the development of a modern and sustainable value chain. To reach these objectives, two main initiatives should be mentioned. The first one concerns the deployment of a demo farms network within the country. Currently **six demo farms** are already operational, each one characterized by a specific **mission** and **technical protocol** created according to the main challenges hazelnut industry is facing in the specific region. Some of them are dedicated to support the development of hazelnut cultivation in **new areas** (Emilia-Romagna, Toscana, Calabria), others to **environmental protection** (Piemonte and Lazio) and **old orchards regeneration** (Sicilia). Common ground is the promotion of **regenerative agriculture, social best practices** and **traceability principles**. Through the organization of field visits, trainings and specific initiatives, Demo farms act such diffusion points to spread innovative, sustainable and productive best practices within farmers communities. The second initiative is the **Progetto Nocciola Italia**, a long-term contractual framework supporting the development new hazelnut plantations out of historical production areas. It aims to strengthen an integrated value chain where





industry and producers may maximize the creation of **common value**, promoting innovation, sustainability and positive impact on rural areas. Ferrero ensures a **long-term purchasing contract** and a continuous technical support to aggregations and farmers, in order to create and consolidate available competences. Aggregations and farmers promote new orchards following the suggested best practices, stimulating local entrepreneurship and the reactivation of business cycle within rural territories. **Almost 73% of current developed surfaces (3.500 ha)** are deployed in rural areas in coherence with the objectives of the **Italian National Strategy for Inner Areas (SNAI – Strategia Nazioanle Aree Interne)**. SNAI strategy is the current lever defined by Italian Government to contrast depopulation and to promote economic development within rural and internal areas in the country.





PILLAR III: SUPPLIER TRANSPARENCY

Transition towards a transparent supply chain, where responsible practices drive long-term impact.

Our commitment: Ferrero ensuring and enhancing the level of traceability for all its sourcing back to farm level.

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. We believe that transparency and shared responsibility are key to creating the greatest positive impact on people and the environment. Building strong, collaborative relationships with suppliers, farmers, NGOs, governments, and scientists is essential to tackling systemic challenges in the hazelnut sector and shaping a sustainable future together.

How are we working on this commitment?

Each season, we maintain and strengthen our level of traceability through continuous effort and improvement. We act on the belief that traceability is a key driver in advancing the hazelnut value chain. To this end, we will continue engaging our suppliers through a risk-based, data-driven approach.

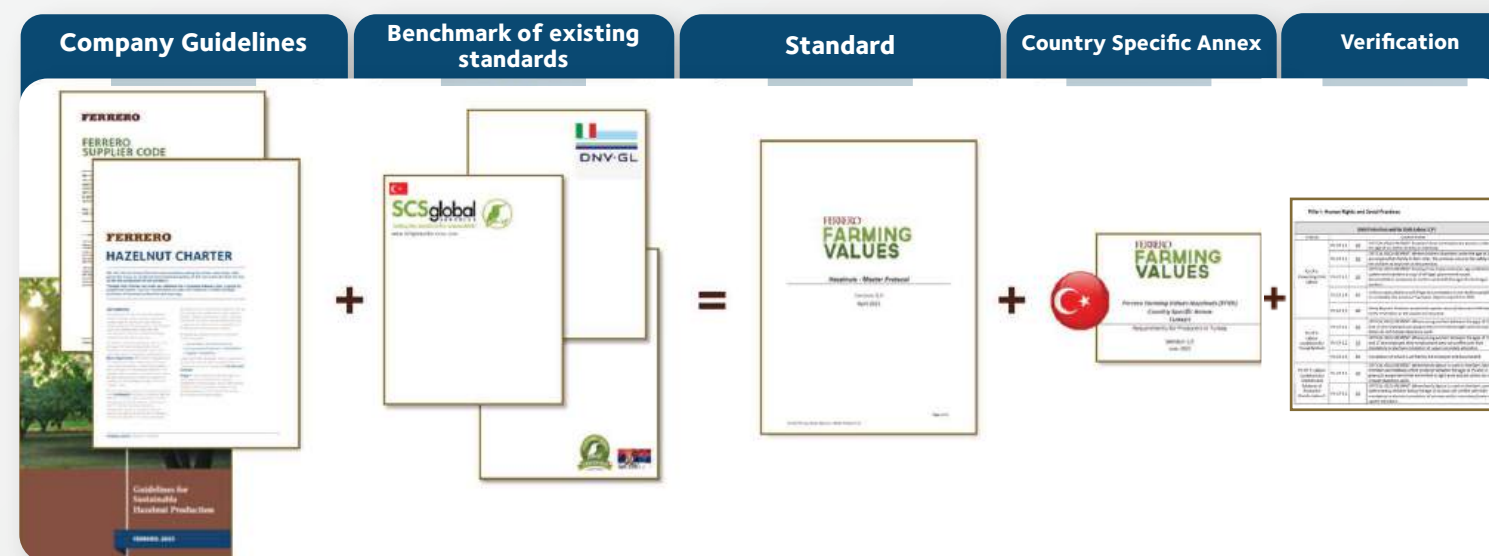
Who are we working with?

We are partnering with the traceability provider, Sourcemap. Through its platform, we can harness data science to strengthen the value chain, anticipate future agricultural and social challenges, and ensure continuous performance improvement.

ACTION: PROMOTE & SHARE STANDARDS & CERTIFICATIONS.

Since 2012, **SCS Global Service** has overseen the audit programme for the **Ferrero Farming Values (FFV)** Production Standard in Türkiye and, in 2021, it was updated with a stricter requirement. From an audit planning and execution standpoint, we improved the way we define the sample of the farms to audit.

The **Ferrero Farming Values Master Protocol** was developed by Ferrero and SCS Global Services **in 2012 for Türkiye**, founded on the commitment to enhance sustainability of agricultural and social practices, while sharing the expertise created through our initiatives with all the stakeholders in the hazelnut value chain. **This Protocol is designed to ensure compliance** with basic human rights and production **requirements** while promoting sustainable production growing practices, improved worker and smallholder livelihoods, and full traceability of hazelnuts through the value chain, starting at the farm level.





The **Ferrero Farming Values Master Protocol** is an authoritative document for assessing objective indicators relevant to those goals. It serves as an extension of the Hazelnut Charter, developed by Ferrero and its value chain stakeholders, as an on-the-ground tool for use by auditors, farmers, producers, and other stakeholders.

The Protocol brings together all producers working in cooperation with Ferrero's global value chain, including Ferrero Agrifarms, smallholder farmers, independent large farms, producer groups. Acknowledging the diversity and uniqueness of the different hazelnut producing countries, Country Specific Annex is developed for independent farmers to ensure each value and commitment of the Standard can be applied to each origin's context. The Country-Specific Annex provides further details on auditing procedures, including sample size and corrective action plans for each origin. For Ferrero Agrifarms, the Sustainably Grown programme is applied in line with the Charter and Protocol.

The Protocol is structured around the three pillars defined in the Charter:

- **Human Rights and Social Practices**
- **Environmental Protection and Sustainability**
- **Supplier Transparency**

These Pillars are comprised of basic requirements and going beyond practices, for which auditors will assess producers. Basic requirements are expected to be met for all producers, while going beyond are suggested

practices, aligned with Ferrero's long-term commitments, that are intended to guide producers towards the same goals, for better social, environmental, and transparency sustainability.

We are aligning the Master Protocol to Ferrero Regenerative Agriculture Framework and to the Hazelnut Charter 24-26. Once this alignment will be finalized the resulting material will be available on our website as part of our action plan.

Action: Trace hazelnuts back to farm level.

For the **2023/2024⁴** crop, despite systemic supply-chain complexity, we have achieved an overall traceability figure of **93.9%** for all our sourced hazelnuts, as reported by the **Sourcemap** platform.

After 4 years we have much better knowledge of the value chain, nevertheless we are aware that to maintain this level requires a continuous effort of all supply chain actors.

For the first year, we have been able to reach a traceability back to farmer above 90% for each sourcing country, as reported by Sourcemap.

We also introduced the **supplier dashboard**, a digital tool that allows **only the T1 suppliers** to monitor, about its supply chain in one central place. It's a "control panel" for the T1 supplier, helping to keep track of their suppliers, about the traceability activity.

⁴ 2023 for the regions in the Northern Hemisphere and 2024 for the Southern Hemisphere

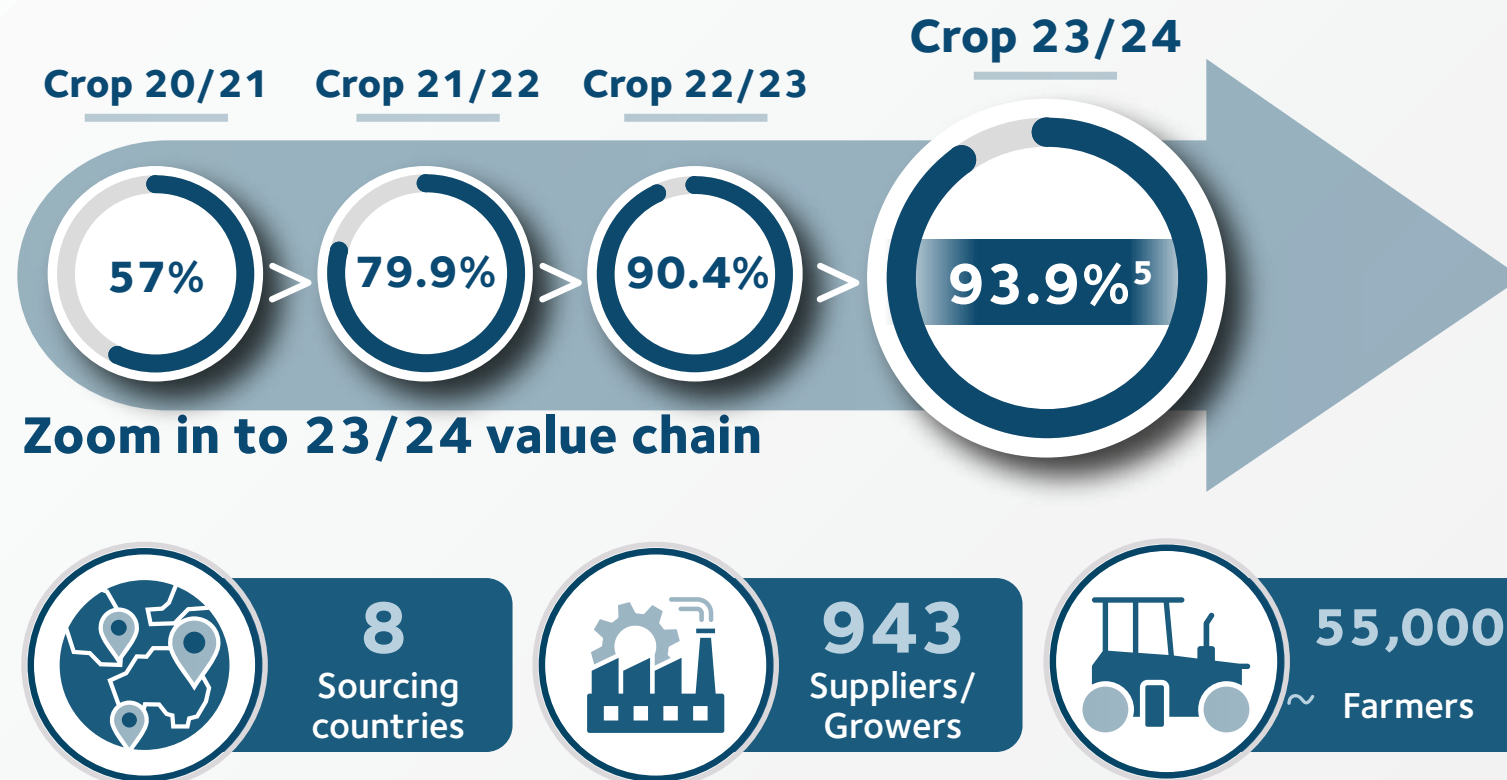


For the fourth time, we are carrying out traceability audits by a third-party auditing firm, **SCS Global Services**, this year in Türkiye and U.S.

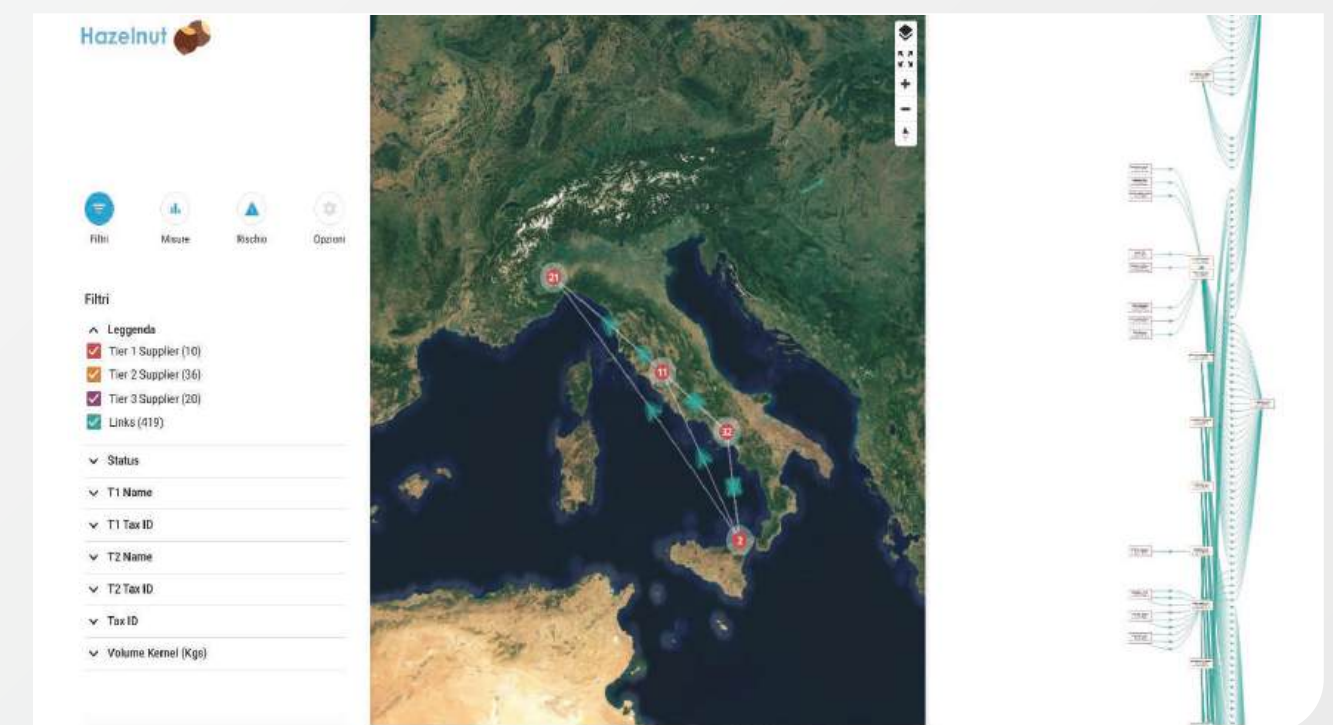
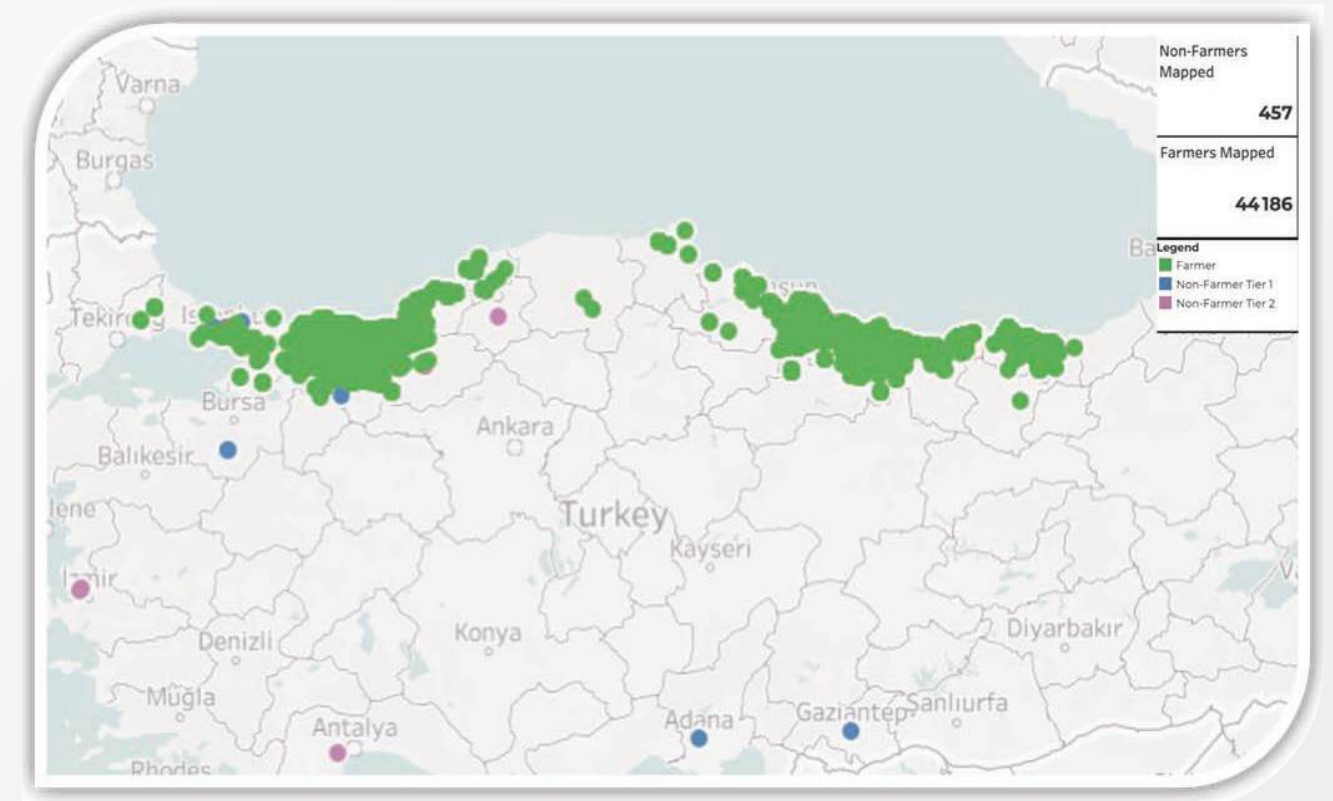
One of the goals of the surveys was to verify the information reported by our suppliers to the Sourcemap platform and to record any difficulties encountered, so as to continuously improve our process.

64 supply chain actors were interviewed across the two countries. Whenever discrepancies were identified between the data collected into the Sourcemap platform and those recorded during the audit, these were corrected in Sourcemap, in order to provide the most accurate traceability percentage of the hazelnut value chain.

Sourcemap traceability trend starting from crop 20/21



⁵ Result considering the Stock Amnesty Law in Türkiye. Without the Stock Amnesty Law in Türkiye, and re-including the related volumes with a 0 traceability score, the global traceability result for 2021/22 would be 68.7%, the global traceability result for 2022/23 would be 86.4%, and the global traceability result for 2023/24 would be 90.4%.





Supplier risk management & due diligence process.

What does this mean?

We focus on measuring, improving and assessing supplier practices. This includes analyzing risks and opportunities, ensuring compliance, running improvement activities and building capabilities. The process follows a strict due-diligence approach that requires suppliers to adhere to a Supplier Code, which covers human rights and social practices, environmental protection and sustainability, and supplier transparency.

How are we working on this?

The process involves Ferrero Supplier Code Acknowledgement, Prioritization, Supplier Assurances/Assessments, Audit and Corrective Action Plan. The Supplier Code applies to all suppliers and they must acknowledge it as a condition of working with the Company. Through our continuous engagement with suppliers, we have seen improvements in compliance across the entire value chain.





ACTION: SUPPLIER'S ACKNOWLEDGMENT OF SUPPLIER CODE.

The **Ferrero Supplier Code** outlines the company's expectations for responsible sourcing and sustainable practices across its supply chain, with a focus on human rights, social practices, environmental protection, and supplier transparency. We require our suppliers to acknowledge and comply with this code, which is a key element of the company's commitment to fair, sustainable, and transparent supply chains.



This Supplier Code enables us to engage our Suppliers and ensure a supply chain that is fair, sustainable and transparent.





ACTION: PERFORMING SUPPLIER AUDITS TO CONFIRM ADHERENCE TO THE SUPPLIER CODE.

In **24/25** we continue our hazelnuts suppliers' due diligence process, with the results of our efforts as follows:

100% of our suppliers have already acknowledged the Supplier Code and have been prioritised using the ESG methodology.

- We have performed **34 field suppliers' due-diligence audits in 3 different geographies.**
- We are working closely with the audited suppliers to develop a joint remediation plan to close all the relevant non-conformities.
- We developed the **“Guide for Hazelnut Suppliers”** that outlines the key requirements of the Ferrero Supplier Code and the Ferrero Due Diligence audit, helping the supplier ensure they are compliant with and meet the minimum requirements of Ferrero.

These results are extremely important as they show that with a solid process in place, we can encourage compliance in each sector we operate in and, ultimately, enhance the standards of the supply chains we source from. In many cases, our partners have thanked us for helping them prepare for the upcoming mandatory European due-diligence regulation, which 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.





CASE STUDY: DASHBOARD FOR SUPPLIER

The **dashboard for supplier** is a digital tool designed to support each supplier in monitoring the performance of their supply chain in relation to the submission of the required traceability data.

Through an intuitive and user-friendly interface, the platform provides an immediate and up-to-date overview of the status of the submitted information, enabling suppliers to adopt a proactive approach, reduce the risk of delays, and promote greater transparency across the entire supply chain.

The **dashboard for supplier**, available on the **Sourcemap** platform, is accessible to each Tier 1 supplier who declares non-farmer suppliers. Access is strictly reserved for the Tier 1 supplier and allows the visualization of key indicators related to the completion of traceability data uploads, the engagement status of their supply chain, and the geographical location of sub-suppliers. This enables T1 suppliers to effectively monitor the progress of their supply chain throughout the traceability campaign.

The goal is to **simplify the traceability process, improve the quality of shared information**, and **strengthen each supplier's accountability** in the sustainable management of their supply chain.

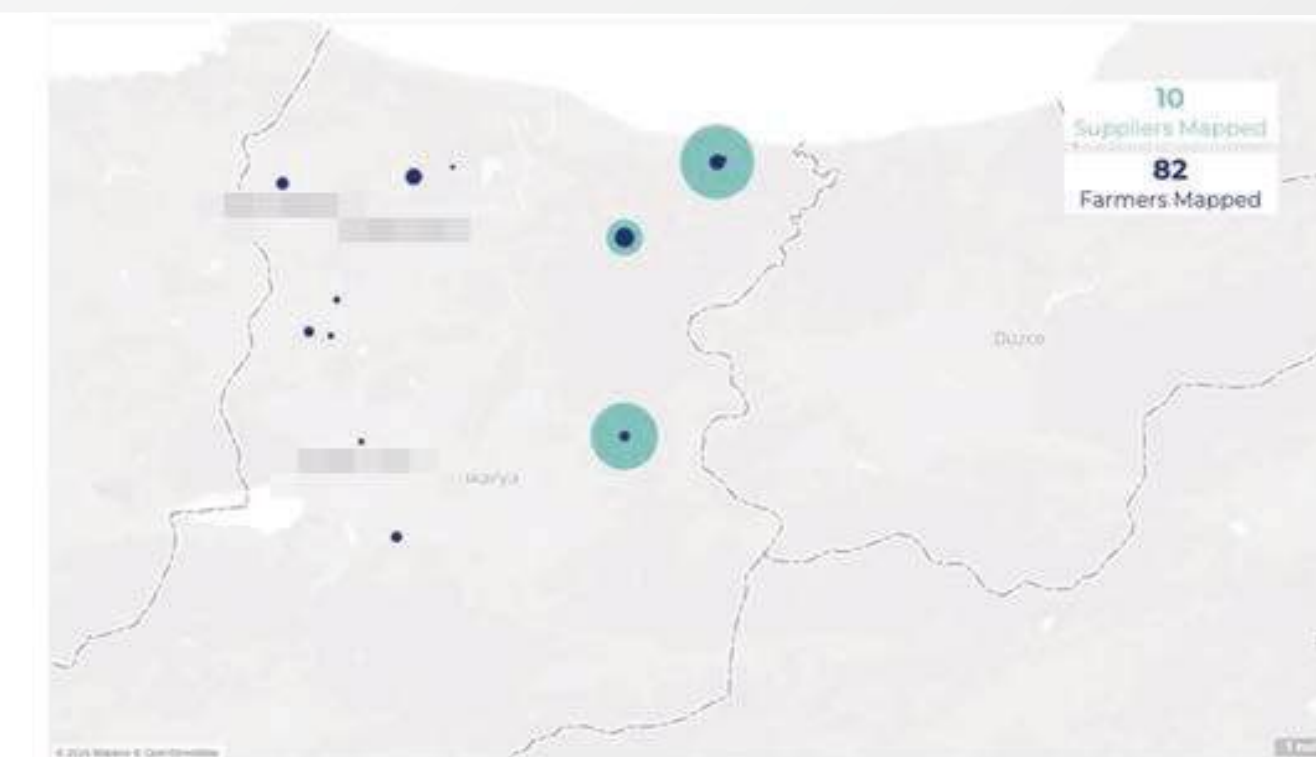
Dashboard for supplier

Upstream Supplier Overview:



7 Suppliers submitted 1 Suppliers did not submit yet 1 Suppliers have not registered 1 Not willing to participate

	Engagement Status ★	Volumes Purchased (Kernel Kgs) ★	Percent of Total Volumes ★
Supplier that submitted		76,500	33.41%
Supplier that did not submit yet		63,276	27.63%
Supplier that submitted		19,630	8.57%
Supplier that submitted		18,720	8.18%
Supplier that submitted		13,790	6.02%
Supplier not registered on Sourcemap		12,743	5.56%
Supplier that submitted		8,910	3.89%
Supplier that submitted		8,090	3.53%
Supplier that submitted		3,820	1.67%
Supplier not willing to participate		3,500	1.53%





GLOSSARY

- **CAOBISCO:** is the **Association of Chocolate, Biscuit and Confectionery Industries of Europe**. It represents more than 13,000 European chocolate, biscuits and confectionery manufacturing companies, 99% of which are SMEs.
- **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 **Ferrero Farming Values (FFV)** programme, we work to make more quality sustainable hazelnuts available, with a focus on sustainable agricultural and social practices, and on enhancing traceability.
- **LCA:** Life Cycle Assessment is a methodology for assessing environmental impacts associated with all the stages of the life cycle of a commercial product, process, or service. In the case of the hazelnut value chain, we have been cooperating with **2.0 LCA consultants**.
- **Partnerships:** Ferrero's key partners in its Hazelnut Responsible Sourcing Programme are the **International Labour Organization (ILO)**, the United Nations agency for the world of work and specialised and experienced organisations including **Earthworm Foundation** and **SCS Global Services**.
- **Quantis:** is a leading environmental sustainability consulting firm that partners with major organizations across the globe to drive sustainable transformation and align business with planetary boundaries.
- **Standards and certifications:** Ferrero co-created, in partnership with third party partners, its own standard, the **Ferrero Farming Values (FFV)** Production Standard. At our Agrifarms we apply the **Sustainably Grown** certification.
- **Supplier Code:** Across our supply chain, suppliers are required to sign it, which sets out our responsible sourcing expectations. Acknowledgement for Ferrero means the supplier recognizes our requirements and agrees to comply. Ferrero's key partner in its hazelnut due diligence verification and audit program is **Intertek**.
- **Supply Chain Visibility:** Ferrero works with **Sourcemap** on the journey to full traceability to farm level. In Italy we are also supported by **DNV**.