



# FERRERO

Ferrero Sustainability Report 2023

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# Welcome to the 15<sup>th</sup> Ferrero Sustainability Report

At Ferrero, caring for the planet and communities in which we operate is at the heart of our family culture.

As a global brand, we are aware of the influence and impact we have in our industry and we focus our efforts to continue improving how we operate. This year, we have carried out a double materiality assessment, ahead of the Corporate Sustainability Reporting Directive becoming mandatory for Ferrero from 2025.



This year's report addresses all five top-priority topics identified through the double materiality assessment and covers the fiscal year 1 September 2022 to 31 August 2023.

More information on the material topics can be found on [page 18](#)

For further details on the double materiality methodology, please visit [www.ferrero.com](http://www.ferrero.com)

As part of our efforts to identify more clearly where our impact lies locally and globally, we have partnered with a third-party to identify our positive and negative contributions to the Sustainable Development Goals.

The methodology and criteria for prioritisation were based on the UNGC's Business Reporting and assessing Ferrero's impact and contribution to all 169 targets that make up the Goals. Our assessment identified multiple SDGs, on which we have varying levels of impact.

This year's progress report has been developed to demonstrate how we continue to focus on making a difference for everyone who comes in contact with each stage of Ferrero's value chain and the planet.

## TIER 1

Direct impact and alignment to strategic priorities



## TIER 2

Some degree of impact



## TIER 3

Indirect impact only



The PwC limited assurance report and conclusion, alongside the list of Key Performance Indicators that have been assured, can be found on [page 100](#).



# Executive Chairman's letter



**Giovanni Ferrero,**  
Executive Chairman, Ferrero Group

I'm proud to present you with Ferrero's 15th Sustainability Report. This year is special to me as we celebrate 60 years of Nutella, our iconic product spreading positivity around the world. Ferrero began its journey in my family's pastry shop in the small town of Alba back in 1946 in Piedmont (Italy), and it has since become one of the world's largest sweet-packaged food companies. I am confident that in our Sustainability Report you will find a great testimony of the evolving Ferrero journey of sustainability, embedded in our business strategy.

The financial year 2022/23 was another year of global turbulence, characterised by greater political and economic uncertainty. Dramatic geopolitical conflicts, tension in the energy market, increased volatility in supply chains, inflationary pressure, millions of people left vulnerable across the world due to the ever-increasing effects of climate change. 2023 went down in history as the hottest year ever recorded, causing everything from intense droughts to devastating floods, with global average temperature about 1.4°C above pre-industrial times. Disruptions in key global shipping routes – the Suez Canal, Panama Canal, and the Black Sea – are signs of the unprecedented challenges for global trade. All these macro effects heavily impacted businesses worldwide.

Despite this, thanks to a clear business vision and to the dedication of more than 47,000 employees around the world, our Group not only managed to navigate these extreme complexities but exited the fiscal year 2022/23 in very good health and with unprecedented resilience: we can say with a great sense of pride that we are stronger than ever.

Moreover, as you can read in this report, our company continued to make good progress on our sustainability agenda. Ferrero Group, as one of the global players in the food industry, recognises the critical role it plays in safeguarding nature for future generations. Through tangible actions, we have reaffirmed that sustainability is embedded in Ferrero's long-term strategy. All four pillars of our sustainability framework – protecting the environment, sourcing ingredients sustainably, promoting responsible consumption, and empowering people – help guide every strategic decision we take.

As Ferrero grows and diversifies its portfolio, we continue to value our long-standing partnerships, in particular those dedicated to the communities where we operate and where our raw materials are sourced. We believe in the importance of collaboration to achieve progress, to move forward our sector's social and environmental agenda, and fundamentally create value for society.

People are at the centre of our success and strategy. Alongside our company values, we respect and promote human rights through a due diligence-based approach. At Ferrero, we pursue our daily activities with determination and commitment. We work for the inclusion of all, and we empower our people recognising and leveraging diversity.

We look with optimism towards the future with the inspiration for growth, but we will never forget our roots planted in Alba nearly eighty years ago. With 39 brands sold across more than 170 countries I remain confident that the passion that we place in our products, and our commitment to quality and safety, will help us keeping the world smiling for years to come.

Please enjoy reading our 2023 Sustainability Report!

**Giovanni Ferrero**  
Executive Chairman, Ferrero Group

# Chief Executive Officer's letter



**Lapo Civiletti,**  
Chief Executive Officer,  
Ferrero Group

I'm proud looking at our 2022/23 financial and non-financial results. I believe they confirm our strategy and demonstrate progress towards our Group objectives. The Ferrero Group closed the financial year with a consolidated turnover of EUR 17 billion, some 20.7% above the previous year's turnover of EUR 14 billion. This could only be accomplished thanks to the 47,000 talented employees working across our offices and 37 manufacturing plants around the world, with a shared passion for the quality and authentic taste of our products.

Food safety and quality are pre-requisites to meet consumer expectations, and to maintain their trust in our products. We continue to raise our standards even higher than before. Significant investments are ongoing, consistent to our Mission's call for excellence, passion for quality, and extraordinary craftsmanship.

Ferrero is among 50,000 companies preparing to report under the upcoming Corporate Sustainability Reporting Directive (CSRD). We firmly believe that companies must identify, respond, and adapt to the sustainability matters that are most relevant to their businesses, their stakeholders, and society at large. That's why in spring 2023 we updated our 2021 materiality analysis to a new double materiality assessment (DMA), which we share publicly via this report in anticipation of the CSRD requirements.

Every year we report on progress for each of the four pillars of our sustainability framework. Ferrero continues to pursue the decarbonisation roadmap in line with limiting global warming to 1.5 °C. We have achieved a 10% absolute reduction in Scope 1 and 2 GHG emissions since 2018, despite 16% production growth during the same time. At the end of fiscal year 2022/23, 17 of our plants were using 100% renewable electricity while our energy intensity fell from 7.41 to 7.12 GJ/tonne of product – a 3.9% reduction compared to last year. A total of 90.7% of our packaging is designed to be recyclable or reusable, an increase of 2.2% compared to the previous year.

I'm particularly proud of our work on supply chain traceability and transparency for our key product ingredients. We have reached 90% traceability for hazelnuts all the way to farmers while 98% of our palm oil is traceable to plantations. Moreover, we've sourced 100% cocoa beans through independent sustainability standards. Our satellite monitoring to prevent deforestation has covered all our palm oil sourcing areas – 1.6 million hectares of palm plantations.

We are committed to preventing and eliminating child labour in our value chain, and for that our collaboration with governmental and non-governmental organisations around the world is essential. Our partnerships in the Turkish hazelnut supply chain successfully reached over 4,500 children. In Côte d'Ivoire our partnership with Save the Children reached more than 46,000 children and adults in cocoa-sourcing areas. Furthermore, over 4,000 workers benefitted from supplier engagement projects in Peninsular Malaysia through our partnership with the Earthworm Foundation.

I am honoured that our efforts have been recognised externally. To name a few, in May 2023 we were praised by the European Institute of Innovation for Sustainability (EIIS) for our cocoa sourcing initiatives in West Africa together with partners Save the Children and Sourcemap. Later in the year the Global Child Forum's Child's Rights Benchmark recognised Ferrero as number 12 among 1,108 companies, and in the top 5 in the food & beverage sector, for our policies and practices that address our organisation's impact on children's rights across several important geographies.

Recognition is a great encouragement to continue with our journey, which expands as we acquire new businesses. In December 2022 Ferrero finalised the acquisition of ice cream producer Wells Enterprises in the USA, which was followed by the acquisitions of Fresystem and Medin in Europe. We continuously work to create an inclusive culture where all colleagues, no matter their seniority in the Group, can contribute to the success of our company. Training, wellbeing, safety, diversity, equity, inclusion, all continue to be our focus of attention.

You are warmly welcome to find out more about our sustainability initiatives and progress in this report as well as on our new website.

**Lapo Civiletti**  
Chief Executive Officer, Ferrero Group

# About Ferrero Group

Born in 1946 as a small pastry shop in Alba, Italy, Ferrero is now present in more than 50 countries with 37 manufacturing plants across five continents. Our products are available in more than 170 countries<sup>1</sup>.

## OUR PRESENCE IN THE WORLD



### AMERICAS

Argentina	Ecuador
Brazil	Mexico
Canada	Puerto Rico
Chile	USA
Colombia	



### EUROPE

Austria	Greece	Romania
Belgium	Hungary	Russia
Bulgaria	Ireland	Slovakia
Croatia	Italy	Spain
Czech Rep.	Luxembourg	Sweden
Denmark	Monaco	Switzerland
Finland	Netherlands	Turkey
France	Norway	Ukraine
Georgia	Poland	UK
Germany	Portugal	



### MIDDLE EAST & AFRICA

Dubai	Morocco
Israel	
Kuwait	South Africa



### ASIA PACIFIC

Australia	Indonesia	South Korea
China	Japan	Sri Lanka
China, Hong Kong SAR	Kazakhstan	Vietnam
China, Taiwan	Malaysia	
India	Singapore	

<sup>1</sup> As of 31 August 2023, the Group was composed of 104 consolidated companies, managed under Ferrero International S.A., the parent company based in Luxembourg. Plants acquired starting from 2019 onwards are not included in the scope of this report—except where specified. Refer to the About this Report section.

## KEY FIGURES FOR FY 2022/23

€17bn

Total consolidated net turnover

1,521,254

Total production (tonnes)

37

Manufacturing plants

47,212

Total employees

+170

Countries in which our products are sold

## OUR BRANDS



# Our key achievements in the year



**October 2022**

Launch of Ferrero global employee survey  
You – Your Voice – Our Company – Unique Values.

The YOU Survey 2022 involved

**37,000**  
employees in

**59**  
countries

**November 2022**

Our Code of Ethics was updated and is being shared with all line managers across the Group.



**December 2022**

Ferrero finalises the acquisition of Wells Enterprises  
The Company distributes products in all 50 US states, has over

**4,100**  
employees and has an annual turnover of

**\$1.6bn**

Their brands include Blue Bunny, Halo Top, Bomb Pop, and Blue Ribbon Classics.



**February 2023**

Ferrero acquires Fresystem, an Italian frozen bakery specialist. The acquisition is part of Ferrero's strategic growth plans and follows the successful launch of Nutella Muffins, which has been produced by Fresystem since 2021.



**March 2023**

Launch of the new Ferrero Rocher Golden Eggs for Easter 2023!

Launch of Tic Tac® Sprite®  
The Ferrero Group and The Coca Cola Company are proud to have launched Tic Tac® Sprite®, a flavoured Tic Tac inspired by the tingly, refreshing experience people have come to know and love when drinking a Sprite.



**April 2023**

Ferrero ranked #1 food company in the world and #30 out of 100 companies overall in the 2023 Global RepTrak® 100 Most Reputable Companies.



Ferrero awarded "Best Product Innovation for Sustainability" by the European Institute of Innovation for Sustainability (EIIS) for its cocoa responsible sourcing initiatives in West Africa, with partners Save the Children and Sourcemap.



## Key

- Acquisitions
- New products / new categories launches
- Codes / progress reports updates
- New plants / centres as the Ferrero Innovation Center in NAM

# Our key achievements in the year continued



The Executive Chairman and his team joins North America employees in Chicago to inaugurate the new Chicago offices, **Ferrero Innovation Center** and North America R&D Labs.

Ferrero Group acquires **Medin production facility** and assets from Laurens Spethmann Holding AG & Co. KG (LSH) to support its growth strategy in the so-called 'better-for-you' snacks category.



## May 2023

Diversity Charter Lëtzebuerg Ferrero Headquarters became a signatory of the Diversity Charter Lëtzebuerg (Luxembourg). Ferrero is recognised within the category of "Recruitment, Welcome and Integration" for the Inclusion and Respect training designed in collaboration with our legal partner Allen & Overy.

Ferrero releases the fourth annual report on the Cocoa and Forest Initiative (CFI), showcasing achievements made across the past four years and outlining our plans for sustainable cocoa production and forest conservation.



## June 2023

**Diversity, Equity & Inclusion Month** Between the months of May and June we hold the Diversity, Equity & Inclusion Month 2023, hosting 7 group sessions and dozens of regional events. The live events explore our DE&I programme, focusing on ongoing and upcoming initiatives around our dimensions: Gender, Generations, Nationalities, Working Culture and Persons with Disabilities. We have the participation of our external expert partners who, together with Ferrerians, collaborate to have meaningful discussions on the topic that is a priority in the Ferrero Group Strategic Plan.



## August 2023

Ferrero publishes **Annual Hazelnut Progress Report** Ferrero reveals traceability progress in the latest Annual Hazelnut Progress Report, which shares evidence and challenges on the milestones outlined in the Action Plan.



## July 2023

Ferrero publishes the latest Cocoa Charter Progress Report and cocoa supplier list.

Ferrero participates in the CDP Climate Change response and achieved B score.



# Our value chain

As we continue to grow our business responsibly, we ensure we embed sustainability fully by considering our impacts and opportunities along the value chain – from raw materials to end-of-life.



## Raw materials

We source raw materials such as hazelnuts, cocoa, palm oil, sugar, milk and eggs to make our products. We rely on long-term relationships with suppliers to ensure they understand, practise and embrace our values. Traceability enables us to monitor our raw materials for quality and sustainability.

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## Production

Our products are manufactured in 37 manufacturing plants globally and we work with third-party suppliers to produce KINDER® Surprise toys. Aiming for high quality and safety standards in our manufacturing and third-party operations and managing the environmental and social impacts are high priorities.

[See page 55](#)

## Packaging

Packaging protects the quality and freshness of our products to guarantee a delightful experience for our consumers. It is also an important means of communication with consumers, helping them choose our products by providing clear and understandable information. The materials that go into our packaging include glass, paper and plastic.

[See page 28](#)

## Logistics

Our products are distributed and sold directly and through authorised dealers in more than 170 countries. We also work with logistics operations to transport raw materials, semi-finished products, and KINDER® Surprise materials throughout the value chain via our network of warehouses.

[See page 23](#)

## Consumption

Our products bring joy to consumers as part of a healthy and balanced lifestyle. We do this responsibly, going beyond legal requirements with our marketing communications and ingredient information and offering serving sizes that let consumers manage their daily energy needs.

[See page 54](#)

## End-of-life

Packaging plays a crucial role but it can cause harm to the environment if it is not disposed of in the right way. Providing clear guidance on how to dispose of our packaging, and ensuring it is recyclable, reusable or compostable, is key to managing our impacts.

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# Sustainability at a glance

At Ferrero, we take our responsibility to establish sustainability practices seriously, by focusing on improving our operations and engaging partners across our value chain.



**“For Ferrero, sustainability is a long-term journey of commitment and dedication. It is about assessing, preventing or attempting to minimize our impacts across the full value chain, establishing practices for nature protection and social justice. We believe that in doing so we are strengthening the resilience of our business and enhancing the value of our brands while offering value for society.”**

**Mario Abreu**, Head of Corporate Social Responsibility and Sustainability

Our progress is rooted in our sustainability framework, focusing on four core sustainability pillars: protecting the environment, sourcing ingredients sustainably, promoting responsible consumption and empowering people. We can make progress on these pillars by investing in innovation and technology, enhancing transparency and compliance, as well as fostering a culture of collaboration. As we continue to grow as a Group, through organic growth and acquisitions, we focus our efforts to ensure sustainability is considered in key aspects of how we do business.

We are working to integrate recent acquisitions into our supply chain and production. Newly acquired brands and products do not necessarily come with the same level of risk management, traceability

and certification as ours. We are therefore working to extend our commitments, approach and practices to the acquired brands as well, by bringing them up to our overall responsible sourcing standards.

Complexities of post-acquisition integration processes, existing supplier relationships and market dynamics specific to each brand and the ingredients used in the products determine the speed at which we integrate the same standardised approach to the acquisitions as the rest of the historical brands.

The first step we are taking is to establish a transition plan for each acquired brand that will guide the implementation of our overall standards and approach for responsible sourcing.



## Vision

We craft quality products for you to enjoy and share, with the utmost respect for people and the planet, treasuring the richness and diversity of our world.

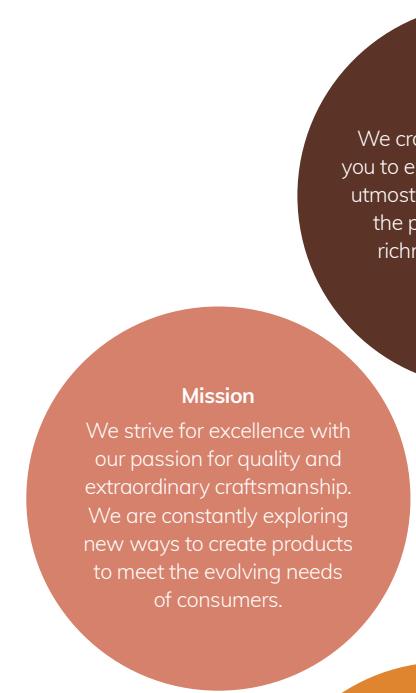
## Mission

We strive for excellence with our passion for quality and extraordinary craftsmanship. We are constantly exploring new ways to create products to meet the evolving needs of consumers.



## Purpose

We bring joy to people by delighting and surprising them with delicious products. This belief has shaped our Ferrero family for generations, unites us today and will continue to inspire us.



# Our sustainability framework



## Protecting the environment

We monitor, measure, manage and aim to reduce our environmental impact across the value chain. We work to increase efficiency in our operations and supply chains, we work to reduce air and greenhouse gas emissions (GHG), reduce water consumption, and work to increase circularity across our manufacturing and for our packaging.



## Sourcing ingredients sustainably

We aim to create a thriving supply chain which benefits farmers' livelihoods and communities, protecting people and nature. Responsible sourcing is our procurement's way for doing business, and the way we aim to build and expand supply chains across all categories. Science and technology are levers to reach our goals, and the higher the supply risk the stronger our level of understanding and protection of supply chain needs to be.



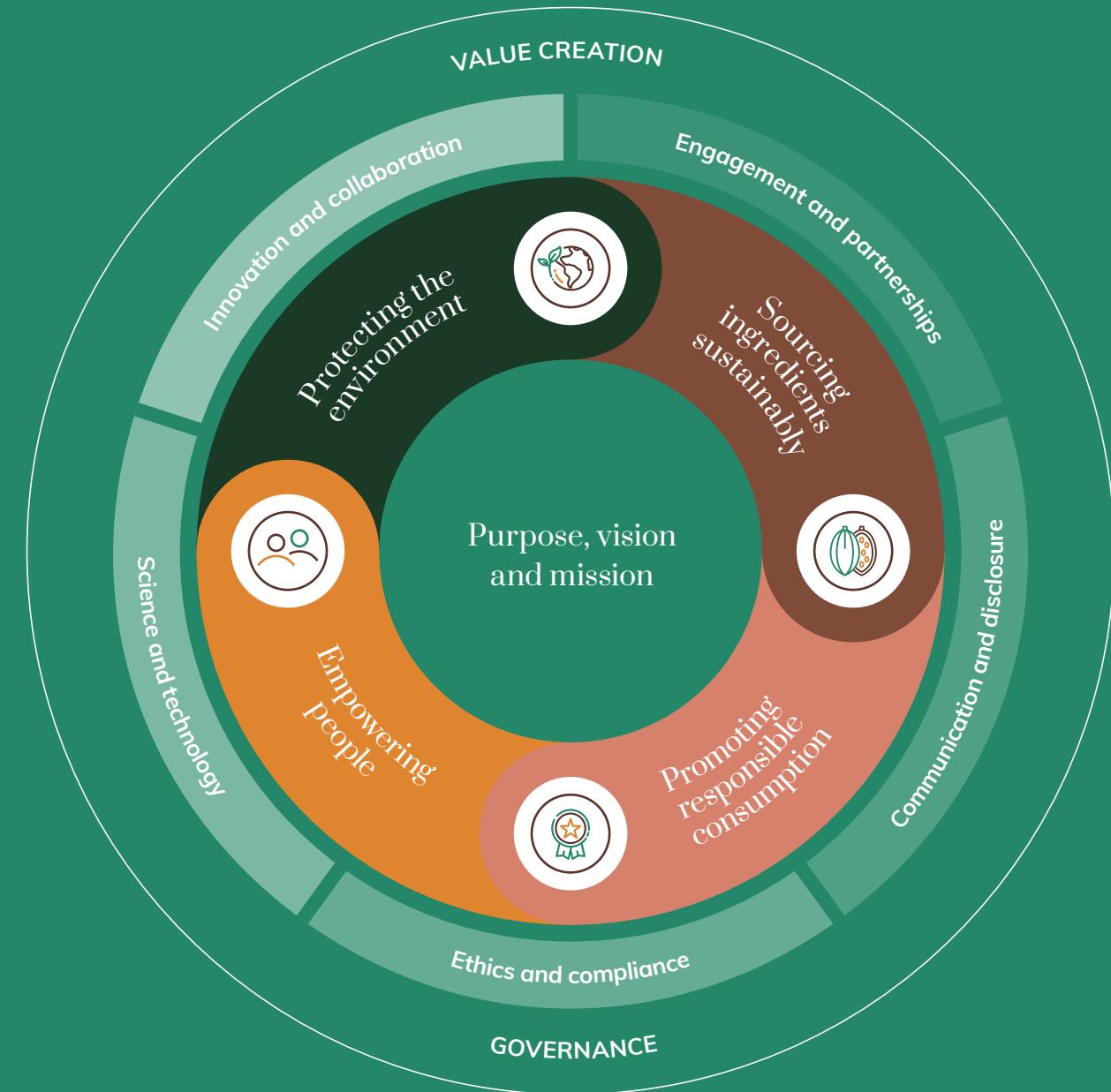
## Promoting responsible consumption

We produce and market some of the world's best loved confectionary products, and we strive to always offer high-quality and fresh products, which requires highest standards of performance and seamless execution. We always endeavour to communicate responsibly to consumers and other stakeholders.



## Empowering people

We care about the people working with us across over 50 countries, and aim to build a culture of trust, respect, diversity and opportunity for all. We believe it is essential to maintain an inclusive company culture that uses the full range of its talents to respond to our business priorities. We listen and respond to our people's views and create a working environment where they feel valued and able to grow. We believe by respecting human rights we actively contribute to improving people's and communities' lives.



# Our sustainability progress

Below we have outlined achievements made during the fiscal year 2022/23:

## TRACKING OUR IMPACT THROUGH OUR ACHIEVEMENTS

Pillars	Material issues	SDGs	Achievements
<b>Protecting the environment</b>	<ul style="list-style-type: none"> <li>• Climate action</li> <li>• Plastic and packaging</li> <li>• Water management</li> <li>• Industrial and food waste</li> <li>• Corporate advocacy and industry collaboration</li> </ul>		<p><b>Climate action</b></p> <ul style="list-style-type: none"> <li>• Introduced Ferrero's Energy Efficiency Awards to raise awareness of energy improvement plans across all our plants</li> <li>• Implemented a monitoring tool that provides the impact of logistics from individual shipments within the Ferrero network, that will be used to collect and calculate our GHG impacts in fiscal year 2023/24</li> </ul> <p><b>Water management</b></p> <ul style="list-style-type: none"> <li>• Achieved a 20% water reduction in plant water intensity compared to fiscal year 2021/22</li> <li>• Reduced water consumption ratio by 9.6% for manufacturing plants and warehouses compared to fiscal year 2021/22</li> </ul> <p><b>Industrial and food waste</b></p> <ul style="list-style-type: none"> <li>• 12 of our production plants reached a waste-recovery rate higher than 99%</li> </ul> <p><b>Plastic and packaging</b></p> <ul style="list-style-type: none"> <li>• We continued transitioning from multi-material to mono-material flexible films, replacing hard-to-recycle plastic, reducing the consumption of virgin plastic</li> <li>• Converted Kinder Pingui, Kinder Maxi King and Kinder Paradiso from multimaterial to monomaterial</li> </ul> <p><b>Corporate advocacy and industry collaboration</b></p> <ul style="list-style-type: none"> <li>• In Europe Ferrero is one of the founding member of the Perfect Sorting Consortium, together with other eight brand owners. In June 2023, the consortium achieved the first real time AI based sorting demonstration, deployed then in an industrial scale test in December 2023.</li> </ul>

Pillars	Material issues	SDGs	Achievements
<b>Sourcing ingredients sustainably</b>	<ul style="list-style-type: none"> <li>• Human rights in the supply chain</li> <li>• Protecting biodiversity, sustainable agriculture and preventing deforestation</li> <li>• Climate action</li> <li>• Animal welfare</li> <li>• Farmer livelihoods and community development</li> <li>• Corporate advocacy and industry collaboration</li> <li>• Transparent supply chain</li> </ul>		<p><b>Human rights in the supply chain</b></p> <ul style="list-style-type: none"> <li>• We continued our partnership with Shift, a leading organisation on the UN Guiding Principles on Business and Human Rights, and joined their Business Learning Programme.</li> </ul> <p><b>Protecting biodiversity, sustainable agriculture and preventing deforestation</b></p> <ul style="list-style-type: none"> <li>• As part of our partnership with Earthworm, we are contributing to landscape transformation, forest protection and restoration, and resilient farmers and workers' rights</li> </ul> <p><b>Farmer livelihoods and community development</b></p> <ul style="list-style-type: none"> <li>• Through our partnerships with Save the Children, Earthworm and International Labour Organization (ILO) we engage with local communities where we source cocoa, palm oil and hazelnut. We also engage with local non-governmental organisations (NGOs) to support their efforts on the ground.</li> </ul> <p><b>Transparent supply chain</b></p> <ul style="list-style-type: none"> <li>• Over the year, more than 1,500 on-sites third-party audits have been carried out. We also achieved high levels of traceability, standards and certifications across our key commodities.</li> </ul>

# Our sustainability progress continued

Pillars	Material issues	SDGs	Achievements
<b>Promoting responsible consumption</b>	<ul style="list-style-type: none"> <li>Product nutrition and environmental profiles</li> <li>Products and ingredients safety</li> <li>Responsible marketing and healthy lifestyles</li> <li>Corporate advocacy and industry collaboration</li> </ul>		<p><b>Product nutrition and environmental profiles</b></p> <ul style="list-style-type: none"> <li>Offering most of our products in carefully defined serving sizes</li> </ul> <p><b>Products and ingredients safety</b></p> <ul style="list-style-type: none"> <li>100% Ferrero legacy plants certified against Global Food Safety Initiative (GFSI) recognised Standard</li> <li>Zero-critical non-conformities detected during FSSC22000 audits</li> </ul> <p><b>Responsible marketing and healthy lifestyles</b></p> <ul style="list-style-type: none"> <li>Our overall compliance rate was 98.59% for television advertising and 100% for online advertising</li> </ul>
<b>Empowering people</b>			<p><b>Employee satisfaction and development</b></p> <ul style="list-style-type: none"> <li>In June 2023 we completed the 4th edition of Master in International Management (MIM), an 18-month program fundamental enabler for our next generation of global leaders, which was designed and delivered in partnership with SDA Bocconi University. In this edition, we've added a four-day module dedicated to sustainability</li> <li>We delivered 143 sessions to 1,467 people as part of the Know-How Academies programme compared to the 41 sessions delivered to 476 people in 2021/22</li> <li>28 accredited trainers in 2022/23 compared to the 6 trainers accredited in 2021/22</li> </ul> <p><b>Diversity, Equity &amp; Inclusion (DE&amp;I)</b></p> <ul style="list-style-type: none"> <li>In May 2023, the Ferrero Headquarters became a signatory of the Diversity Charter Lëtzebuerg, Luxembourg</li> <li>For the fiscal year 2022/23 a DE&amp;I KPI was added to the variable pay model with aspirational goals for the representation of women in senior management of each function globally</li> </ul> <p><b>Employment and labour relations:</b></p> <ul style="list-style-type: none"> <li>At the end of 2022/23, the European Works Council involved around 20,000 colleagues, including employees of the commercial network and the 10 plants in Italy, Germany, Belgium, France, Poland, Ireland, and the UK</li> </ul> <p><b>Occupational health, safety and wellbeing</b></p> <ul style="list-style-type: none"> <li>In 2022/23, our company's Lost-Day Injury Rate (LDIR) decreased from 5.1 accidents per million hours worked to 4.6 (-9%) compared to the previous year. The company's Total Recordable Injury Rate (TRIR) stood at 5.9 compared to 7.2 in the previous year (-18)*</li> </ul> <p><b>Kinder Joy of moving</b></p> <ul style="list-style-type: none"> <li>Kinder Joy of moving reached over 3.4 mln children during last fiscal year. The programme is now promoting physical activity among children across 34 countries</li> </ul>

\*TRIR value has changed from the figure disclosed in the Sustainability Report 2022. The restatement of this figure is due to a change in the reporting perimeter: the Alzira site was in the process of integration at the time of the previous report's publication, but it is now fully integrated.

# Governance

Ferrero's governance structure ensures that sustainability is integrated throughout the Ferrero Group as we continue to expand into new markets and advance our sustainability agenda. We have implemented policies and programmes to guide our practices and manage impacts across all locations where we operate.

## Ferrero Corporate Governance

Ferrero is a privately-held, family-owned company that adopts a traditional corporate governance model. The Shareholders' Meeting, Board of Directors, Executive Chairman and Chief Executive Officer (CEO) guide projects and initiatives in line with the long-term strategic objectives of the Group, promoting transparent and consistent communication with stakeholders.

The Board of Directors comprises both Ferrero family and non-family members. It is assessed regularly to ensure an appropriate balance of knowledge, skills and expertise, as well as proactive contributions from all Board members to achieve the Group's goals.

Executive Chairman Mr. Giovanni Ferrero is responsible for reviewing and approving the Group's long-term strategic direction in line with our culture and values. He also defines new business directions and groundbreaking innovations. Mr. Ferrero leads the Strategic Team, Group Leadership Team (GLT), Audit Committee, and the following Group Boards:

- Human Resources (HR) & Organisation Development Board
- Industrial & Supply Board
- Product Board
- Procurement Board
- Reputation Board

## Group Leadership Team

The Group Leadership Team under the guidance of the Executive Chairman, is responsible to steer the Company's strategic guidelines and delivering updates on both financial and non-financial aspects of the business, whilst assuring continuity in the Company's culture and values. The GLT approves the Company's CSR & Sustainability ambition and strategy, the Ferrero Sustainability Report and periodically assessing related initiatives execution.

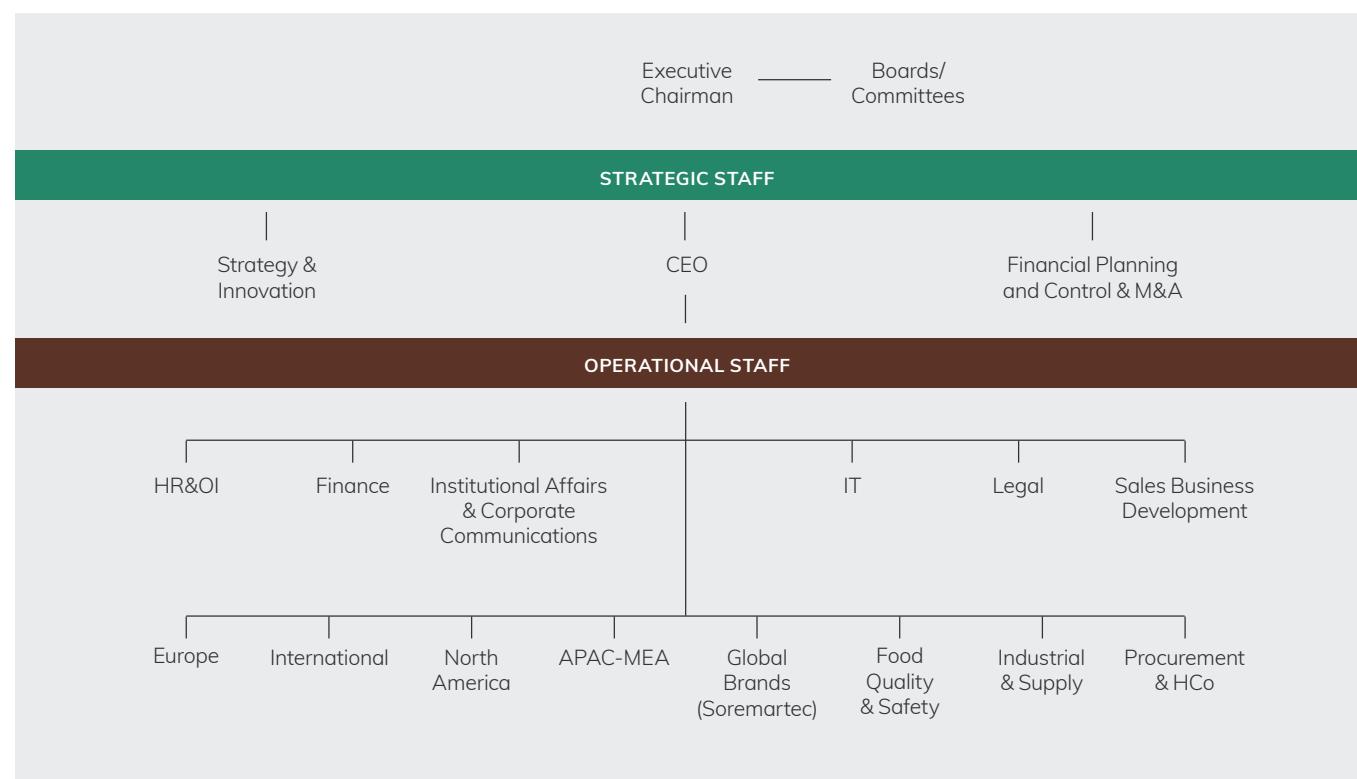
The GLT reviews and approves the Strategic Long-Term Guidelines, prepared annually by the Strategy and Innovation team. Those guidelines include the Group's Sustainability strategy, prepared by the CSR & Sustainability team in alignment with the Sustainability

Operative Committee. The sustainability guidelines are cascaded to all functions responsible for developing short to medium-term plans.

## Audit Committee and Group Internal Audit

The Audit Committee of Ferrero International S.A. provides structured, systematic oversight of Ferrero's governance, risk management and internal control practices.

The Audit Committee is assisted by the Group Internal Audit in the discharge of its responsibilities.



# Governance continued

## Strategy & Innovation organisation

The Strategy & Innovation (S&I) organisation supports the Executive Chairman in driving the Group Strategic Guidelines. S&I develops long-term strategies, enhances competitiveness, explores new business directions, and fosters breakthrough innovation while keeps the Company culture and values intact. Sustainability is an Entrepreneurial and a business priority, and the Strategy & Innovation organisation is responsible to set guidelines for the Group's Corporate Social Responsibility and Sustainability. It ensures innovation is nonetheless founded on Sustainability principles and to position the Group's development within an ecosystem compatible and socially just approach and to support Group's reputation.

## Chief Executive Officer

CEO is responsible for ensuring that the Group achieves its short- and mid-term results in line with the long-term direction set by the Executive Chairman. This includes ensuring business continuity and maximising Ferrero's capabilities to:

- Contribute to the definition of business targets, in line with long-term guidelines.
- Secure the achievement of business targets through operations (budget and one to three-year plan).
- Oversee and manage trade-offs and sales among functions and areas.
- Enhance the protection of Ferrero Group's know-how and foster its continuous development.
- Ensure continuity in Ferrero values and promote a culture that fosters innovative product development.

The CEO leads the Group Management Team (GMT), which consists of the heads of the following functions:

- Areas – Europe, International, APAC-MEA, North America
- Global Brands (Soremartec)
- Industrial & Supply
- Food Safety & Quality
- Information & Technology
- Institutional Affairs & Corporate Communications
- Finance
- Human Resources and Organisation & Improvement
- Legal
- Procurement & Hazelnut Company (HCo)
- Sales Business Development

## Sustainability Operative Committee

The Sustainability Operative Committee (SOC) comprises Heads from several functions across the Ferrero Group, accountable for sustainability activities and strategy implementation. These functions include: packaging, operations environment and energy, human resources, organisation and improvement, brands social responsibility (marketing strategy for global brands), corporate risk management, legal, corporate communications, group public policy centre, responsible sourcing in procurement, and sales business development. The SOC oversees the strategy implementation and monitors progress regularly, holding monthly meetings. The minutes of each SOC meeting are presented by its Chairperson, the Head of CSR and Sustainability, to the CEO and relevant GLT members during dedicated meetings and are reviewed monthly with the Executive Chairman.

The SOC has outlined a plan for regular interaction with third-parties (governmental and non-governmental organisations, specialised consultancies, etc.) to build the SOC's collective knowledge and awareness about relevant social and environmental topics for the Ferrero Group. For example, the first interaction with SHIFT ([www.shiftproject.org](http://www.shiftproject.org)) occurred in July 2022, and a full-year programme was developed for FY 2022/23.

## Sustainability Governance

Our sustainability governance structure enables us to define the Group's sustainability strategy based on key sustainability and consumer trends. The CSR & Sustainability unit, reporting to the Chief Strategy and Innovation Officer, interacts with all business functions as relevant to provide strategic guidance on all sustainability topics. The responsibilities of the CSR & Sustainability unit include:

- Pursuing the sustainability agenda within the Ferrero Group by integrating sustainability principles into strategies, policies and procedures.
- Ensuring the successful implementation of responsible business practices across the Group.
- Contributing to creating positive impacts within the communities where we operate.

The objectives of this unit include:

- Defining the Group's sustainability strategy based on key sustainability and consumer trends, integrating it into the Group's strategic long-term guidelines.
- Supporting all business functions in implementing plans and monitoring sustainability initiatives, with a focus on monitoring key social and environmental sustainability initiatives.
- Developing long-term corporate sustainability projects.
- Developing and maintaining a transparent reporting system.

# Governance continued

## How we manage risks

At Ferrero, Risk Management forms an integral part of our wider Governance, Risk and Compliance (GRC) framework, ensuring sustainability considerations are included into our decision-making process. We firmly believe a proactive approach to risk identification and mitigation is crucial for safeguarding both our long-term sustainability performance and overall business resilience.

Our risk assessment embraces a comprehensive, multi-layered approach. We combine a top-down perspective, where leadership identifies Company-wide (not only sustainability-related) risks, with a bottom-up approach where subject matter experts across all functions contribute valuable insights into operational-level challenges. This synergy ensures a holistic understanding of potential threats and opportunities.

To capture a diverse range of perspectives, we leverage both internal and external sources of information. SME, internal audits and industry best practices inform our assessments, while external sources like regulatory updates, stakeholder feedback and ESG ratings provide valuable market context.

The cornerstone of our risk management system is a Risk Register, endorsed by all functions within the Management board. This comprehensive document identifies, assesses and describe key risks, including sustainability-related topics. It also outlines corresponding policy and procedure-based mitigation actions, ensuring clear accountability aimed at timely intervention.

Furthermore, Risk Management maintains a permanent seat at the Sustainability Operative Committee. This ensures constant dialogue and integrated decision-making between risk and sustainability functions. Importantly, all sustainability topics, encompassing environmental, social and governance concerns, are included within the risk assessment process.

Ultimately, the Risk Register serves as an input for our double materiality assessment. By identifying not only risks that materially impact our business, but also those where our business impacts society and the environment, we can prioritise actions and demonstrate commitment to sustainable practices.

This multi-faceted approach positions us to navigate an increasingly complex landscape, proactively address sustainability risks and ultimately solidify our position in responsible and sustainable business practices.

## Guiding Principles and Business Ethics

Our guiding principles are set out in the Ferrero Code of Ethics and Code of Business Conduct. All employees must adhere to these principles, and new employees receive a copy of the Code of Ethics.

To ensure compliance with our policies and ethics, the Group has established an independently managed Ferrero Integrity Helpline, which is available for employees and anyone who works with and for the Group. The helpline can be used to report grievances and concerns and ask questions related to our codes. The helpline is available 24/7 in 43 languages via a website and toll-free local numbers in 55 countries.

Reports are made available to a dedicated Ferrero Steering Committee for review and investigation. The Ferrero Group Anti-Bribery and Corruption Policy outlines our commitment to ensuring no detrimental treatment of any person as a result of reporting in good faith their suspicion that an actual or potential violation of our policies and codes has taken place.

## Cybersecurity and data privacy

We are deeply committed to ensuring the respect of the right to privacy and the right to personal data protection of all individuals with whom we interact, in particular our consumers, employees and business partners. In line with this commitment, we have adopted a Group Privacy and Data Protection Policy establishing strong standards, and have implemented a robust privacy governance system, embodied by a cross-functional network of data delegates, data managers, privacy coordinators and our group privacy counsel. Beyond adherence to data protection laws, this extensive Privacy Network ensures that personal data are always handled with care. Specific attention is placed on the use of novel technologies, such as algorithmic decision-making and Generative AI, to ensure that all our processing practices remain both fair and beneficial for Ferrero, its consumers and its business partners.

# Listening to our stakeholders



"As Ferrero, we advocate for mandatory legislation on human rights and environmental due diligence as necessary to achieve systemic impact in supply chains and encouraging companies to address their potential impacts. We worked with other peers and actors along our key value chain, as well as NGOs and other organisations on the ground, to promote the EU Due Diligence legislation, as it would represent an important step forward in driving the necessary transformation of the sector, and in making due diligence the norm in global value chains."

**Francesco Tramontin**, VP EU Institutional Relations and Group Public Policy Center

## We are committed to meaningful interactions with our external stakeholders

In our day-to-day activities we interact with a wide range of stakeholders at a local, regional, national and international level. They all, directly or indirectly, impact our business success and are impacted by our operations.

We regularly interact and engage with, but not only:

- Governments, regulators and institutions, directly or through trade and industry associations, to advocate our positions and to contribute to the policy-making process. We regularly assess our membership of business associations to share best practices, make continuous improvements and collaborate with industry peers in a collective manner.
- Scientists, research centres and academia to continuously innovate and seek inspiration and ideas to improve our products.
- NGOs, international and expert organisations to drive our sustainable business efforts, as well as cooperating with sport federations to support child health.
- Journalists and the media industry in general to enhance and protect Ferrero's reputation.

Building strategic partnerships and collaborating with relevant stakeholders helps our Company to respond with transparency to the demands of a rapidly changing business environment and to remain attentive to communities' needs. We stay informed about their expectations; ensure we are aware of trends and concerns relevant to them and we embrace initiatives that promote responsible business practices.

We believe maintaining meaningful relationships with a relevant network of external stakeholders supports our business, strengthens our reputation and influence, builds trust in our Company and enhances its role in society. They are essential to our advocacy.

Stakeholders today are continuously demanding higher standards of accountability, transparency and ethical behaviours.

## FOCUS ON: STAKEHOLDERS' ENGAGEMENT PRINCIPLES

Stakeholders today are continuously demanding higher standards of accountability, transparency, and ethical behaviour. In full respect of our values of doing business and of engaging with our stakeholders, our advocacy practice is guided by the key principles below:

- Fairness, which promotes a culture of integrity, in compliance with applicable laws.
- Transparency, through open and timely disclosures about the Company's activities and relevant stakeholders' interactions to foster trust.
- Consistency, which is the full alignment between what is communicated and disclosed and what the Company stands for.
- Accountability, which values the Company's reputation as a priority and makes clear lines of responsibility to be established in case of non-adherence to legal and ethical standards and violation of the Company's integrity principles.

We regularly review our involvement in industry and trade associations to assess the relevance and alignment to our strategy, objectives and advocacy practices. Likewise, we also carefully assess new memberships.

# Double materiality

At Ferrero, we recognise our varied stakeholders have different needs. A materiality assessment provides the foundation for us to focus on what truly matters to all our audiences, and ultimately to the business. Ahead of the upcoming EU Corporate Sustainability Reporting Directive, we conducted a double materiality assessment in partnership with a third-party consultancy. In alignment with regulatory requirements, our assessment aimed to understand how the business is affected by sustainability issues (financial materiality) and how our activities impact society and the environment (impact materiality). The results and outcomes of the assessment inform our strategy, goal setting and content of our reporting.

## Our materiality process

In fiscal year 2022/23 we conducted our first double materiality assessment to prepare for upcoming CSRD regulation. We conducted a four-step process, outlined below, to identify our material topics from an impact and financial material lens, and their associated impacts, risks and opportunities.

- 1 A list of 20 topics were identified, reviewing our previous list of 22 topics in 2019, sustainability frameworks, indices, ranking and ratings, ESRS topics, external databases and internal sources.
- 2 We determined the significance of material matters by assessing the severity and likelihood of impacts and the magnitude and likelihood of risks and opportunities. The significance of topics was scored, tested, and further adjusted accordingly by Ferrero subject-matter experts.
- 3 In parallel to step 2, we conducted interviews and surveys with both internal and external stakeholders to gather quantitative and qualitative information, aimed at understanding stakeholder perspectives and gathering useful information to feed into understanding of impacts, risks and opportunities. These engagements also enable us to capture key insights around strategic opportunities from stakeholder perspectives across the business, and further improve our analysis.
- 4 Results from both impact and financial lenses were used to prioritised list of topics. We identified the threshold for the prioritisation groups to highlight topics that came extremely high on either an impact or financial perspective (top priority), or lower than most (medium importance).

## OUR MATERIAL TOPICS

	<b>TOP PRIORITY TOPICS</b> <b>Greatest relevance to Ferrero (impact and financial materiality), and are the focus of its strategy and disclosures</b>
Protecting biodiversity, sustainable agriculture and preventing deforestation	Human rights in the supply chain
Plastic and packaging	Products' and ingredients' safety
Transparent supply chain	
	<b>HIGH IMPORTANCE TOPICS</b> <b>Significant for either an impact materiality or financial materiality and should be managed accordingly</b>
Climate action	Corporate advocacy and industry collaboration
Cybersecurity and data privacy	Diversity, equity and inclusion
Employment and labour relations	Farmer livelihoods and community development
Industrial and food waste	Occupational health, safety and wellbeing
Product nutrition and environmental profiles	Responsible marketing and healthy lifestyles
Water management	
	<b>MEDIUM IMPORTANCE TOPICS</b> <b>Monitored and managed properly</b>
Animal welfare	Business ethics
Employee satisfaction and development	Long-term financial resilience
	For our detailed approach and results of our double materiality assessment, see our <a href="#">Double Materiality Assessment</a>



# Protecting the environment

## Key achievements

- Absolute emission reduction of Scope 1 and Scope 2 while increasing production
- Continued expansion of self-generated renewable electricity
- Continued decrease in water consumption ratio
- Continued decrease in waste production ratio
- Multiple pilots in decarbonising transportation in Europe
- Reduced the amount of virgin plastic by redesigning our Ferrero Rocher 24-piece box produced in Europe

## This pillar relates to the following material issues

- Climate action
- Plastic and packaging
- Water management
- Industrial and food waste
- Corporate advocacy and industry collaboration

## How we align with the SDGs



# Protecting the environment continued

## Introduction

Ferrero aims to run its business, in an environmentally sound and sustainable manner. We work hard and establish procedures, programmes and practices to prevent, manage and reduce our environmental and climate impact both from our operations and from our value chain, taking a precautionary and lifecycle view. We prioritise our efforts by using both risk and materiality assessment. We set goals for making continuous improvements, increasing environmental efficiency in our operations and supply chain, reducing emissions, waste, energy and water consumption, and increasing circularity in our manufacturing and packaging.

The transition to a more sustainable business, aimed at mitigating and adapting for climate change and the sustainable management of natural resources, is crucial to ensuring future food, environmental and climate security on our planet. We monitor the environmental impacts of our manufacturing operations, and the resources we use for our products and packaging. Our ongoing commitment encourages us to improve the quality of our information, to align with our global emissions-reduction trajectory.

## Our approach

Our strategic approach applies a precautionary principle to managing the risks and opportunities arising from our direct and indirect operations, considering the needs of people and the ecosystem. We consider the climate impact of our products, logistics and packaging throughout our entire value chain, with a specific focus on areas where we have the greatest influence. We also carefully manage environmental impacts related to the supply chain of our raw materials. For these reasons, we have highlighted key areas of investigation in our business.

## Key focus areas

- **Climate and energy:** constantly reducing our carbon footprint by decreasing our greenhouse gas emissions (GHG) across our operations and the entire value chain. We improve energy-efficiency projects in all our sectors.
- **Water management:** responsible use of water in production processes to ensure reduced withdrawals, and to preserve the integrity of biodiversity and the ecosystem.
- **Industrial and food residuals:** improving and promoting the transition to a circular economy, with a specific focus on residuals and packaging, to avoid these as a source of pollution.
- **Packaging design and the circular economy:** supporting the transition to a circular economy, where packaging never becomes waste.

## ISO certifications

One of our priorities is transparency across our operations, and full compliance with relevant environmental and energy laws, regulations and site permits. To meet the above objectives relating to environmental protection and energy efficiency, we adopted an environmental and energy management system (EEnMS) based on the internationally recognised ISO 14001 and ISO 50001 standards. 29 sites are certified ISO 14001, 23 of which are also certified ISO 50001. With the EEnMS we promote the prevention of pollution, the efficient use of all materials and natural resources, and the continuous improvement of our environmental and energy performance.

29

Sites certified ISO 14001

23

Sites out of 29 are certified ISO 14001 and ISO 50001

## Auditing

We regularly audit our sites to verify compliance with the four-pillar standard of the SEDEX Members Ethical Trade Audit approach, covering labour standards, health and safety, environment and business ethics. To ensure our ISO 14001 and ISO 50001 management system constantly meets our Group requirements, we audit the certified sites regularly. For both ISO certification schemes, the PIXA (Program of Internal eXchange of Auditors) programme applies. This further promotes collaboration between the personnel involved and their professional development, facilitating the exchange of know-how and best practices within the Group.



● Locations in countries where Ferrero has plants/warehouses. Full list available on [page 79](#).

# Climate change

Climate change poses an increasing risk along our entire value chain. We are accelerating our efforts, using science-based targets to reduce our impact and improve energy efficiency.

## OUR SCIENCE-BASED TARGETS

# 50%

absolute Scope 1 and 2 emissions reduced by 2030 (from baseline 2018)

# 43%

of Scope 1, 2 and 3 emissions intensity reduced by 2030 (from baseline 2018)

In recent years, Ferrero has experienced remarkable growth. The production output has seen a substantial increase of above 16% since year 2018. Despite the growth, we have achieved an absolute reduction in Scope 1 and 2 GHG emissions by 10% comparing 2022/23 to the 2017/18 baseline. Our focus on climate change and emissions is structured on a detailed decarbonisation plan, through which we continually strive to improve energy-efficiency to reduce our Scope 1 and 2 emissions from our production processes and warehouses.

However, with increased production output, total carbon emissions are growing. We are focusing on the emissions related to raw materials and ingredients, packaging, and logistics with transportation, as these account for over 90% of our corporate emissions. To address Scope 3 emissions, Ferrero has initiated several projects and initiatives to identify focus areas and evaluate possibilities for sizeable reduction. We are continuously investing across the value chain to keep a consistent path towards our Science Based Targets initiative (SBTi) 2030 targets.

## GHG emissions

As an international company in the food and beverage sector, we know how important it is to contribute to achieving the Paris Agreement's objectives of limiting average temperatures over the world. We set our pledges for 2030, verified by the SBTi initiative in December 2020:

- 50% absolute Scope 1 and Scope 2 emissions reduced from 2018 baseline.
- 43% of Scope 1, 2 and 3 emissions intensity reduced from 2018 baseline.

We created a thorough plan to lower emissions from our factories, warehouses and main headquarters to meet the first goal. This mostly focuses on switching to renewable energy sources and improving energy efficiency. Our plan is based on a rigorous assessment and will adapt according to local evolutions that can influence and optimise how we fulfil our commitments (for example, developments in governmental policy, updates of the transition scenario, local availability of renewable energy, energy costs, and availability and readiness of technologies).

## Our progress in the year

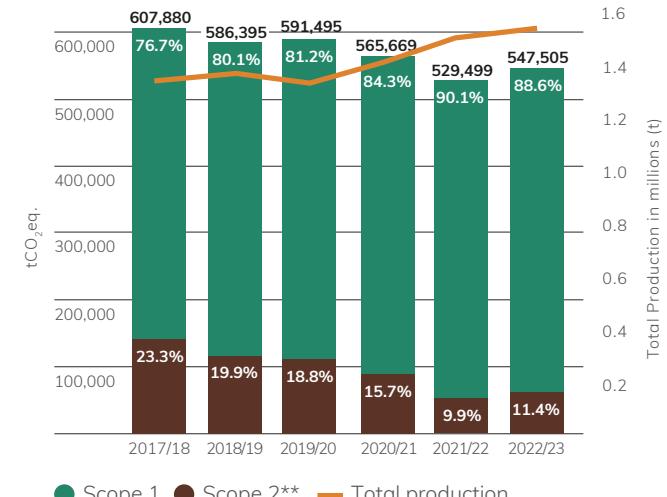
### SCOPE 1

Our strategy is centred around cutting emissions from activities where we have the greatest influence. We are investing in energy-efficient technologies, increasing the amount of renewable energy produced locally, enhancing energy efficiency, and working toward the use of sustainable alternative fuels. For more information, read our approach to energy management on [page 24](#).

### SCOPE 2

At the end of fiscal year 2022/23, 17 of our plants used 100% renewable electricity from the grid, resulting in around 86.6% of the electricity we buy for our manufacturing and warehouses integrated into the current data perimeter. This is lower than last year's achievements, for the same perimeter, as we suspended the purchase of renewable energy in Russia due to the current geopolitical situation.

### SCOPE 1 AND 2 EMISSIONS\*



\* Chart only referring to manufacturing plants and warehouses in scope.

\*\* Market-based approach.

# Climate change continued

## SCOPE 2 CONTINUED

Meanwhile, we have started to buy 100% renewable electricity for recently acquired manufacturing plants<sup>1</sup> which have not yet been integrated into our carbon emissions database. Hence their renewable electricity data has not been included in this report.

## SCOPE 3

We have conducted Lifecycle Assessments (LCAs) for our key ingredients, for example palm oil, dairy products and hazelnuts. The assessments provide data on all emissions categories specific to each raw material. These LCAs provide us with essential knowledge regarding the emissions embedded in our production ingredients and opportunities for establishing evident carbon reduction actions for our raw materials.

Additionally, we are currently conducting transport pilots in five countries to pave the way for a future logistics setup that will substantially reduce transport-related GHG emissions.

We are already making a progress. Our latest CDP report reveals that Ferrero has achieved a B score, surpassing the Food & Beverage processing sector average of B-. We have earned excellent scores in emissions reduction initiatives and low carbon products, although our governance aspect still requires improvement.

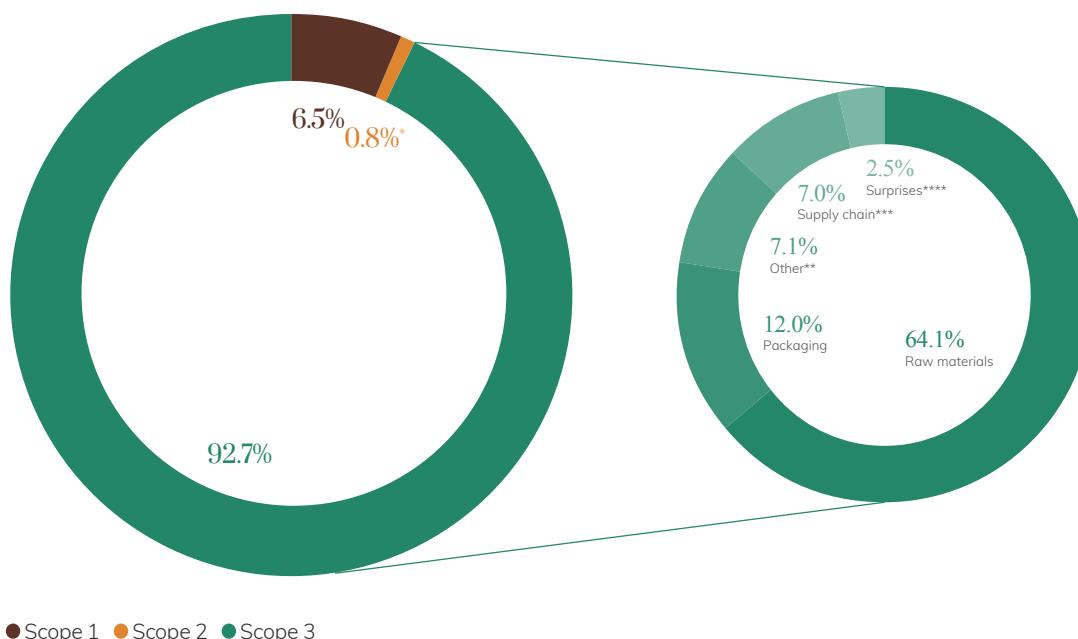
Addressing climate governance is central to our project with carbon accounting experts. However, it is just one element of our comprehensive approach. We are also working on separate forest, land and agriculture (FLAG) reporting, implementing a new methodology for incorporating acquisitions into carbon accounting, enhancing data sourcing and transparency, and improving our reporting and accounting software applications.

Since 2014, Ferrero has acquired 12 new companies, of which all will be integrated in the same strict Ferrero quality standards and sustainability practices, including climate-related measures. Carbon accounting and reduction targets are sequentially being integrated into the acquired companies' procedures.

Ferrero calculated emissions baseline for fiscal year 2017/18 and also set the targets for 2030. Today, we are updating our climate strategy to accelerate GHG emissions reduction and reach 2030 goals.

Reducing the carbon footprint in Scope 3 remains the most complex and challenging aspect for Ferrero. The intricacy arises from the complexity of sourcing raw materials, logistics and our limited decision-making authority in the extensive global supply chain. However, with our revised strategy, expert support and the unwavering commitment of our organisation, we are confident in achieving our 2030 GHG emissions reduction targets.

## TOTAL GHG EMISSIONS REPARTITION



\* Market-based Scope 2 emissions.

\*\* Employee Travel – Waste and auxiliary products – Capital goods – Leased assets – Downstream transportation and distribution – End-of-life treatment of solid products.

\*\*\* Logistics product transportation.

\*\*\*\* Emissions are linked to production hubs that deliver KINDER® Surprise products to Ferrero plants, including materials, moulds and transport of the Surprises.

<sup>1</sup> Augusta, Florence, Louisville, Chicago, North Canton (USA), Halstead (UK), Alzira (SPN), Castel D'Ario (IT).

# Climate change continued

## FOCUS ON: DECARBONISING TRANSPORT



We aim to improve our supply-chain network footprint while supporting the continued growth in quantity and size of shipments. Our strategy focuses on optimising the network, decarbonising fleets and shifting to varied freight solutions.

### Our progress in the year

In fiscal year 2022/23, we completed a study on decarbonising our logistics. It revealed the need for multiple solutions, and so we investigated alternative solutions that we can apply to specific situations based on distance and the availability of the necessary infrastructure and technology.

Knowing that we need to use a variety of alternatives, we have been piloting the use of biogas, HydroTreated Vegetable Oil and electricity, or changing to transportation by train.

Within EU countries, we delivered Nutella Biscuits to market by intermodal shipments (combination of trucks and trains). In this way we shipped from South Italy to France, Germany and, reducing 70% of emissions in a year compared to delivery by only using trucks.

In fiscal year 2022/23, in the UK, we worked with a supplier to use five BIO Liquified Natural Gas trucks for medium to long distances. They replace 20% of the routing previously done by diesel trucks, and save up to 70% of GHG emissions previously emitted. We also initiated pilots in France and Germany for electric trucks, which will become operational in 2023/24 for short to medium distances. We will use them to transport products from plants to distribution centres and to trade, as well as for shuttling raw materials from warehouses to production plants. The use of electric trucks will save between 40% and 90% of GHG emissions compared to diesel depending on the location-based average emissions intensity of the grid where the electric charging occurs.

All our regional operations need to contribute to our decarbonisation target, and so we set internal local reduction targets. During fiscal year 2022/23, we implemented a monitoring tool that provides us with the impact of logistics from individual shipments within our network. In fiscal year 2023/24, we will use the tool to collect and calculate our GHG impacts as well as provide impact clarification related to the initiatives in operations. Continued decarbonisation efforts will focus on expanding successful pilot initiations as well as integrating new opportunities in cooperation with our logistics suppliers.

## CASE STUDY

### Nutella biscuits travel by train

Our strategy to reduce emissions in logistics takes shape through the optimisation of the transport network, the decarbonisation of fleets and the transition to intermodal solutions, together with the use of renewable and efficient energy in distribution centres.

We continue to experiment with alternative means of transport for finished products and raw materials, such as rail transport, to reduce emissions.



in 3

shipments of Nutella biscuits, produced in our Balvano factory, reaches the foreign markets of France, Germany and Belgium by train

In 12 months, road-rail intermodal transport made it possible to reduce CO<sub>2</sub> emissions by approximately

70%

compared to transport only by road

# Climate change continued

## SCOPE 1, 2 AND 3 EMISSIONS INTENSITY VERSUS PRODUCTION\*



\* Chart only referring to manufacturing plants and warehouses in scope.

## Energy management

### ENERGY EFFICIENCY

Our energy-efficiency projects are fundamental to our work on climate goals and the security of our energy supply.

### Our progress in the year

As a result of all the activities implemented, in 2022/23, we reduced our energy intensity consumption ratio from 7.41 to 7.12 GJ/t, a 3.9% reduction compared to last year.

### RENEWABLE ENERGY

We have targeted our investment towards increasing the production of on-site renewable energy and using alternative sustainable fuels.

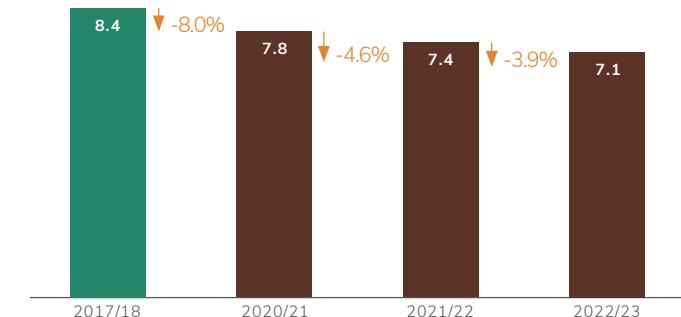
### Our progress in the year

In the EU, we purchase 100% renewable energy. The chart shows our progress year on year for purchasing renewable energy worldwide.

In fiscal year 2022/23 the production of photovoltaic (PV) increased by 3.1% mainly thanks to the additional installed photovoltaic capacity in Stadtallendorf (see case study shown), and so balancing the overall reduction of PV energy produced related to weather conditions.

Energy	Unit	2020/21	2021/22	2022/23
Renewable energy consumption	%	23.0%	23.6%	22.1%
Purchased electric energy certified renewable	%	80.2%	88.7%	86.6%
Energy intensity ratio	GJ/t	7.8	7.4	7.1

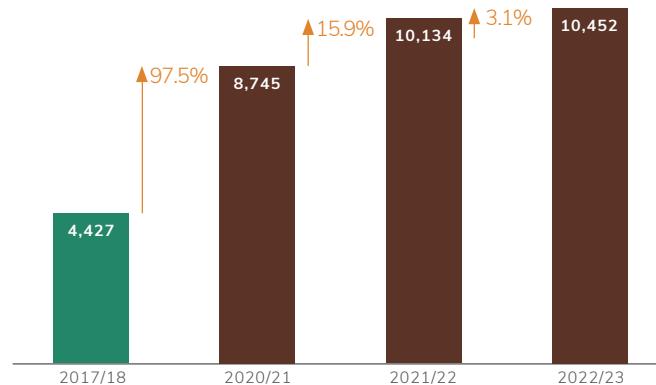
## ENERGY INTENSITY RATIO (GJ/t)



Emissions	Unit	FY 2020/21	FY 2021/22	FY 2022/23
GWP Emissions Total (Total Scope 1 + Scope 2 Market based + Scope 3)	tCO <sub>2</sub> eq	7,007,128	7,318,172	7,502,303
GWP Scope 1 Emissions – Total emissions	tCO <sub>2</sub> eq	477,071	477,243	484,962
GWP Scope 2 Emissions – Market-based	tCO <sub>2</sub> eq	88,599	52,256	62,543
GWP Scope 2 Emissions – Location-based	tCO <sub>2</sub> eq	305,683	331,049	344,259
GWP Scope 3 Emissions – Total emissions	tCO <sub>2</sub> eq	6,441,458	6,788,673	6,954,798

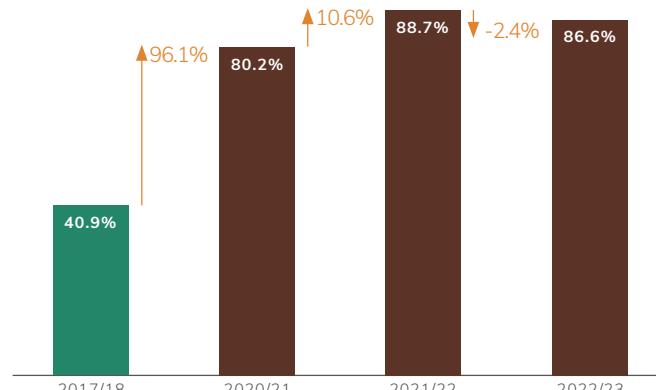
# Climate change continued

## ELECTRICITY SELF-PRODUCTION FROM PV (MWh)\*



\* Chart only referring to manufacturing plants in scope.

## PURCHASED ELECTRIC ENERGY CERTIFIED RENEWABLE (%)



## CASE STUDY



### Ferrero's Energy Efficiency Awards

In fiscal year 2022/23 we introduced the Ferrero "Energy Efficiency Award" programme, to boost the sharing and implementation of best practices among Ferrero Plants and recognise the positive achievements, focusing on continuous improvement.

7 plants achieved the maximum result and received the 4 stars Award from our Chief Industrial and Supply Officer: Alba (Italy), Balvano (Italy), Belsk (Poland), Cork (Ireland), Franklin Park (USA), Hangzhou (China), Stadtallendorf (Germany).

## CASE STUDY



### Installing additional PV at our Stadtallendorf plant

In fiscal year 2022/23, Ferrero Germany extended its photovoltaic (PV) installation at the Stadtallendorf plant. The new installation covers about 4,500 additional rooftop square metres with about 2,400 modules and generated 643 MWh of electricity a year. With this performance, Stadtallendorf doubled the previous capacity, resulting in a final output of about 1,154 MWh a year on-site. The Stadtallendorf plant contributes 11% of the overall PV capacity of the Ferrero Group manufacturing plants. In order to further increase the production of renewable energy, Ferrero Stadtallendorf explores additional opportunities to expand PV capacities over the next years.

+0.9 MWp

of installed renewable capacity

# Water management

## Our approach

Secure access to healthy, clean water is a basic human right. With increased pressure on water resources, especially in water-stressed areas, we recognise the importance of ensuring the availability of water and managing it sustainably. We are developing our business in a way that enables effective water stewardship, by ensuring our operations make efficient use of water.

Our long-term success depends on our responsible approach in the areas where we source our raw materials, where we locate our factories and where our stakeholders live. This means avoiding adverse effects on local ecosystems and communities. Although our products are not water-intensive, our operations require a steady supply of water for processes such as cooling and washing.

Our factories set local targets for water consumption and develop projects for saving and reusing water. We began carrying out water audits at our plants in 2018, to identify opportunities to improve efficiencies. In fiscal year 2022/23, we completed the process of water audits for the most significant plants, and are now planning the second phase of those.

## WASTEWATER TREATMENT

We guarantee the quality of the wastewater coming from our operations through treatment plants – either municipal or our own. The first step we apply is always prevention: wherever possible, we improve washing processes, segregate the higher loads to create optimised treatments and introduce this approach to our suppliers. In building or upgrading our treatment plants, we apply the best available technologies and evaluate the possible reuse of water.

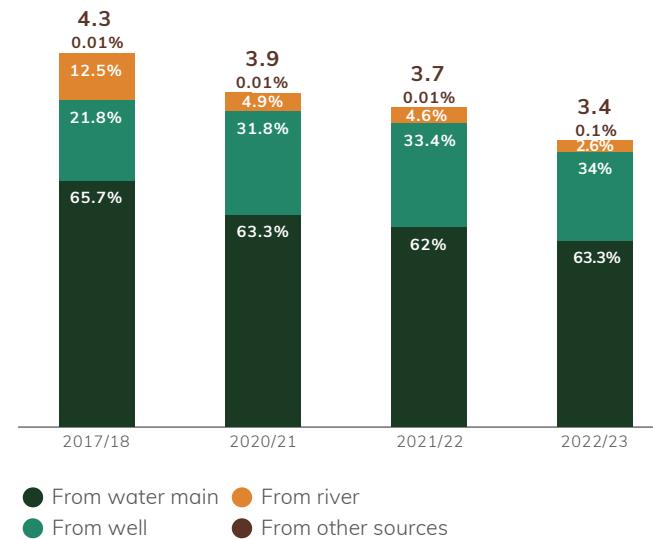
## REUSE AND RECYCLING

We continue to investigate and promote opportunities for water recycling and reuse within our production and utilities processes.

## Our progress through the years

In the last years, we achieved a decrease in water use thanks to our various reductions and reuse initiatives, despite an increase in production volumes. We reduced our water consumption ratio by around 9.6% compared to the previous year.

WATER CONSUMPTION RATIO  
(m<sup>3</sup>/t)



-9.6%

Reduction in water consumption ratio for manufacturing plants and warehouses compared to the previous year

## CASE STUDY

### Water-saving projects at our Alba plant

During recent years the area around Alba has faced more frequent drought conditions. Therefore the factory has identified and implemented solutions to reduce the withdrawal of water from the environment, and has reduced water use by 12% from last year.

The two main projects that made this possible were:

- ➊ Closed-loop cooling waters: in the semi-finished products unit, refiners cooling was managed by an open-loop water circuit. Closing this circuit meant we could reuse water several times before its discharge.
- ➋ In the cogeneration plant, wastewater coming from the production plant for demineralised water was initially discharged, but we now reuse this water, thanks to the application of recovery solutions.

# Industrial and food waste

## Our approach

Waste management is a global issue that has a local impact, and cost implications for our business. We adopt a circular-economy perspective in our waste management, considering waste materials as valuable resources that can maintain their value for as long as possible.

We apply the waste-management hierarchy of prevention, reduction, reuse and recycling in our operations. Our main waste streams from industrial activities are paper and cardboard, plastic, and organic waste. Our production plants work with local suppliers to find the most sustainable and achievable end-of-life, and to achieve local targets for waste reduction.

All waste we generate is managed by authorised third-parties, who comply with contractual and legislative requirements. In addition, we are constantly exploring new ways of using our waste materials, working with suppliers and other industry sectors – for example, by upgrading waste materials to by-products with value in other fields, like animal feeding materials or biogas production.

## Our progress in the year

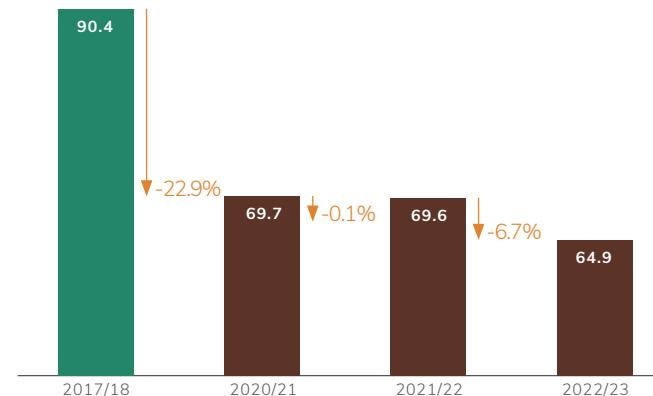
Thanks to our continuous efficiency improvements within production plants, we have reduced our waste production ratio by 6.7%, compared to the previous year.

This was possible by focusing on making improvements across production lines by increasing the reuse of wooden pallets and cardboard, and upcycling previous waste materials into by-products, where local legislation allowed.

Our waste-recovery rate also improved, through better waste segregation at our plants and by working with suppliers to find more sustainable treatment solutions.

12 of our production plants reached a waste-recovery rate higher than 99%: Alba (Italy), Arlon (Belgium), Baramati (India), Belsk (Poland), Cork (Ireland), Hangzhou (China), Manisa (Turkey), Poços de Caldas (Brazil), Pozzuolo Martesana (Italy), Quito (Ecuador), Stadtallendorf (Germany), Franklin Park (USA).

WASTE PRODUCTION RATIO  
(kg/t)



Waste	Unit	FY 2020/21	FY 2021/22	FY 2022/23
Total waste	t	95,722	101,348	98,731
Percentage of recovered waste	%	96.7%	97.6%	97.9%
Waste production ratio	kg/t	69.7	69.6	64.9

## CASE STUDY



### Waste reduction in Hangzhou plant

We continue to find ways to reduce packaging materials throughout the lifecycle of products and not just at the consumer end. The Hangzhou plant invested in a new project to reduce the amount of wrapping film applied to pallets. They have introduced an anti-slip glue on cardboard boxes, which is able to substitute plastic wrapping film, without disrupting the practicality of logistics and maintaining the recyclability of the boxes. This enabled the plant to achieve a total reduction of 4.7 t of plastic film used for the Kinder Chocolate packaging. The next steps will be to do the same for the packaging of other lines.

-4.7 t

of plastic film removed  
from the production line

# Packaging



"In the evolving global context, we are facing more challenges than ever before. Legislation is a good thing when it harmonises global efforts, but this is often not the case and we face a patchwork of legislation in different countries, not always in alignment with realistic industrial implementation lead times.

The work we have done to improve the recyclability of our plastic packaging portfolio and enhance recycled content allows us to safeguard our portfolio today, ensuring business continuity in the face of upcoming legislation, such as the US EPR bills in North America."

**Reginaldo Tavares Da Silva,**  
Group Packaging Head

## Our strategy and approach

Packaging plays a vital role in protecting and preserving food and beverages, as well as ensuring product quality and safety, which is non-negotiable for Ferrero. Packaging sustainability is a clear strategic priority for Ferrero today, and our commitment to this extends beyond 2025. We are now looking at how we will shape our packaging strategy beyond 2025 to 2030, and scouting for partners, technologies and materials that will help us continue to change. We aim to keep evolving towards using more sustainable solutions for all our packaging, following our 5R approach strategy.



## Partnerships

We have identified strategic and technical partners with whom we have been collaborating towards common objectives, and exploring solutions to increase material recyclability.

- Global relevance projects
- Reuse projects
- Design guidelines and waste management infrastructure development
- Correct disposal labelling



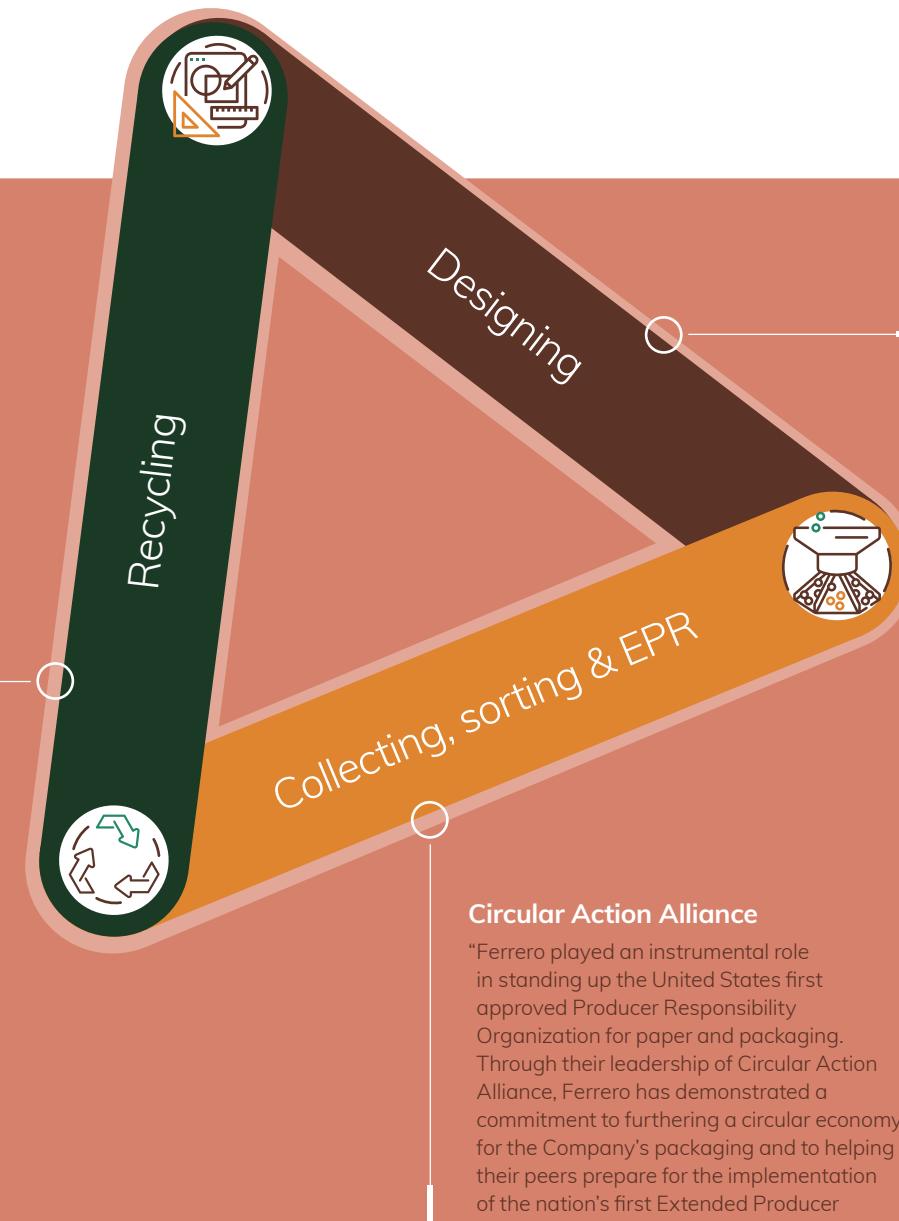
# Packaging continued

## FOCUS ON: NORTH AMERICA

In North America, we are working to enhance packaging circularity with external associations such as The Recycling Partnership, Polypropylene Recycling Coalition, Association of Plastic Recyclers (APR), and the new PRO, Circular Action Alliance. Through our contribution and guidance, we support the future of recycling in the region.

### The Recycling Partnership Polypropylene Recycling Coalition

"Ferrero's support of The Recycling Partnership Polypropylene Recycling Coalition has not only helped to ensure more people can recycle polypropylene in their curbside bins, but also to ensure that recycling facilities can process it to give it a new life in products and packaging. Only through the support of existing and future coalition members like Ferrero can we continue to unlock the environmental and economic benefits of polypropylene recycling and ultimately improve the system for all materials."



### Association of Plastic Recyclers

"As a global leader in the consumer food industry, Ferrero's involvement with both Association of Plastic Recyclers (APR) and RecyClass accelerates the harmonisation process. The Company changed its Ferrero Rocher packaging from polystyrene to a polypropylene package designed for recycling, demonstrating their commitment to the circular economy by reducing the volume of packaging landfilled and supporting higher recycle rates of polypropylene. Shifting other packaging formats to plastics with higher recycling rates and continuing to follow APR and RecyClass's design for recycling guidelines will further grow the volume of recycled plastics. Additionally, increasing the volume of recycled material in Ferrero's packaging demonstrates their commitment and investment in the recycling system in North America."

# Packaging continued

## Our progress through the years

In fiscal year 2018/19 we set our objective to be 100% recyclable, reusable or compostable by 2025, in practice and scale, and we measured what we needed to do to reach this objective, starting from a baseline of about 80%. We developed clear packaging category roadmaps and prioritised the main projects required, with a clear governance structure and investment.

In fiscal year 2021/22 a new metric to measure sustainability packaging progress was introduced. Packaging designed to be recyclable enables Ferrero to show progress on efforts taken to better design our packaging that is not immediately considered as recyclable, reusable or compostable 'in practice and at scale'.

In fiscal year 2022/23, we continued to progress in our consolidated roadmap, which includes the transition from multi-material to mono-material flexible films, replacing hard-to-recycle plastic, reducing the consumption of virgin plastic and rethinking unnecessary or detrimental packaging components in alignment with our packaging design guidelines. These include, among other points, The Consumer Goods Forum Golden Design Rules we have signed.\* These guidelines are a reference for our designers and suppliers on the latest available technology developments from industry association working groups, retailers and our partnership activities.

Our aim is to keep evolving towards using more sustainable solutions for all our packaging. A total of 90.7% of our packaging is already designed to be recyclable, reusable or compostable, an increase of 2.2% compared to the previous year. As Ferrero welcomes new, acquired brands as part of its business growth strategy, the Company is reviewing its overarching sustainability commitments across key areas, including in packaging, to ensure that they continue to remain relevant and reflect the reality that some of its acquired brands are at a different stage in their sustainability journey. We know that this might imply a revision in baseline, as well as unpredictable new challenges. Our commitment is to maintain, in the upcoming years, the ambitious quota of >90% of our packaging designed to be recyclable, reusable or compostable, inclusive of newly acquired businesses.

\* Golden Design Rules signed: Increase value in PET recycling (Golden Design Rule 1), Remove problematic elements from packaging (Golden Design Rule 2), Increase recycling value in flexible consumer packaging (Golden Design Rule 6), Increase recycling value in rigid HDPE and PP which includes the transition from multi-material to mono-material flexible films (Golden Design Rule 7).

\*\* EMF commitment signed in 2019. Report: The global commitment five years in.

## Highlights of the main achievements in fiscal year 2022/23



We have progressed our plans to redesign our multi-material plastic flexible packaging to monomaterial alternatives.

With regards to plastic films, we are conscious of the lack of recycling infrastructure, also expressed in the Ellen MacArthur Foundation\*\* report published:

"Improved infrastructure is crucial to achieving several Global Commitment targets. There have been many initiatives to improve infrastructure over the last five years. However, over the past five years, the actual improvement in infrastructure has been limited."

# 78%

of plastic films in the portfolio are monomaterial, considering primary, secondary and tertiary packaging<sup>3</sup>. In fiscal year 2022/23, we focused on the conversion from multi-material to monomaterial of Kinder Pingùi, Kinder Maxi King and Kinder Paradiso.

Replacement of polystyrene box with polypropylene is progressing in line with our roadmap, contributing to reduce the amount of virgin plastic in the pralines category, while improving recyclability. In 2023 we have started converting the 24-piece gifting box produced in Europe.

# 6,000

tonnes of cumulative plastic saved since we began the polystyrene box conversion, considering the 16-piece box, the 30-piece box and the 24-piece box already converted.

3 Primary packaging is the packaging that contains the product. Secondary packaging includes boxes or containers containing specific quantities of primary packages. Tertiary packaging includes pallets and large shipping containers for storing and warehousing.

## CASE STUDY



### Rocher 24-piece box

The Ferrero Rocher 24-piece box is among our most iconic gift boxes. Consumers worldwide appreciate the transparency of the box, showcasing the gold-wrapped pralines inside. In addition, we are always working on improving the design of the box to make it the perfect gift for any festive occasion.

We have invested in equipment to run the lightweight packaging on our high-speed automated lines. This allowed us to achieve an average 40% plastic reduction<sup>4</sup> compared to the previous polystyrene box. This will save more than 2,000 tonnes<sup>5</sup> of plastic once the 24-piece box implementation will be completed globally.

For every 24-piece polypropylene box, we save the same amount of carbon emission as switching off an LED bulb for 82 hours.

4 Considering 24 piece boxes produced in Europe, the reduction can reach more than 50% of the weight.

5 Estimation based on the quantity of 24-piece polystyrene boxes produced in 2023.

# Packaging continued



## Material used for packaging applications

Our packaging portfolio is diversified and well-balanced, with different types of material chosen for their specific features as well as their contribution to achieving our sustainability objectives, aiming to ensure the food safety and the quality of our products.

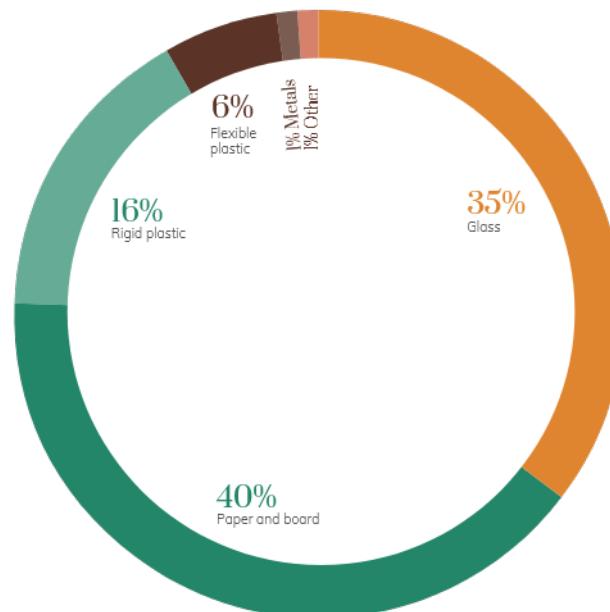
We design and redesign our packaging by taking into account the specific functional requirements of our products' protection, and to guarantee the high quality expected by our consumers. The aim is to find the perfect blend of quality, functionality and materials, and our sustainability targets.

We discussed our first packaging sustainability objectives in fiscal year 2018/19, and now progressively integrate newly acquired companies. As Ferrero is growing its portfolio both organically and through acquisitions, we monitor our virgin plastic commitment by pack-to-product ratio, to track progress independently of any changes to the baseline. We have reduced the plastic-to-product ratio by 7% comparing to 2019/20 baseline, and we are progressing with our plan to reduce our plastic use by 10% by 2025.

\* >90% of our packaging designed to be recyclable, reusable, or compostable, inclusive of newly acquired businesses.

\*\* 12% by weight goal by 2025, for the plastic packaging volume.

MATERIALS USED FOR PACKAGING APPLICATION IN FISCAL YEAR 2022/23



Packaging	FY 2020/21	FY 2021/22	FY 2022/23
Packaging designed to be recyclable*	Not tracked	88.5% <sup>6</sup>	90.7%
Recycled content in plastic packaging**	4.0%	4.3%	5.3%
Renewable materials in packaging	39.6%	40.2%	40.5%
Recyclable, reusable or compostable packaging	83.1%	83.2%	84.8%

<sup>6</sup> FY 2021/22 figures have not been subjected to external audit.

## CASE STUDY



## Progressing the Kinder Digital Sustainability Project

To support circularity, we also work on communicating with the consumer. Ferrero consumers can find sorting information directly on our packaging or on our website. Following the success of Kinder QR code pilots in Italy, France and Germany, Kinder has progressed with the project by expanding it to different markets and products like Kinder Bueno, Kinder Paradiso, Kinder Maxi King and Choco Fresh.



# Our priorities going forward

## Climate change

The Energy Efficiency Awards programme will continue in 2023/24 to boost best practices among Ferrero plants.

In fiscal year 2023/24, we will use a monitoring tool to collect and calculate our GHG impacts related to logistics as well as provide impact clarification related to the initiatives in operations. Continued decarbonisation efforts will focus on expanding successful pilot initiations as well as integrating new opportunities in cooperation with our logistics suppliers.

## Water management

Water is a fundamental resource for our plants and business, and with climate change posing further challenges to water resources, the pressure is increasing, becoming more sensible and important. We identify the production plants as a high priority regarding water scarcity and associated risks. We are implementing integrated water management solutions for water saving and reuse. Our commitment represents, in terms of research and development, also an opportunity to ensure our production efficiency and more sustainable environmental sustainability.

## Industrial and food waste

Industrial and food waste is a global issue that has a local impact, and cost implications for our business. Ferrero applies the approach based on waste-management hierarchy of prevention, reduction, reuse and recycling in our operations. Starting from 23/24 we are reviewing our data collection procedure in order to optimize the waste management with a higher level of our internal and external traceability.



## Packaging

The contribution we can make through packaging is also key to reducing our environmental impact. We are conscious of the growing interest consumers have in sustainable packaging, and our ambition is to increase the circularity of our process without neglecting other relevant environmental impacts.

Considering this new framework, our commitment is to maintain, in the upcoming years, the ambitious quota of >90% of our packaging designed to be recyclable, reusable, or compostable, inclusive of newly acquired businesses.

We will continue to face many challenges beyond 2025. New packaging legislation will come into force in most countries (Packaging and Packaging Waste Regulation in Europe, for example). We are monitoring these closely, to ensure business continuity.

The main impacts we foresee will be on recyclability and recycled content. Recycled content in plastic will generate a huge market demand. There will be a need for chemically recycled resins for food contact applications. Legislation will boost this as the mandates for recycled content in plastic packaging start, and increase market demand for these materials well beyond current availability.

Despite many advantages, the negative effects of plastic usage have led many companies to try and replace it with other materials, mostly paper-based. New technologies are evolving daily, and the consequences of the use of new materials will both have positive and negative aspects, as with plastics, from sourcing to end-of-life. We will continue to consider opportunities to develop and use new materials, considering responsible sourcing, recycling, reusing and/or composting, nevertheless always ensuring product quality, product safety and consumer needs.

In communicating with consumers, digital channels offer an opportunity for new connections. We also expect regulations to have an impact on harmonising the labelling approach, which is currently different between countries.



# Sourcing ingredients sustainably

## Key achievements

- Due diligence process in place for all our suppliers
- High level of traceability for our key commodities
- Renewal of main flagship programmes
- >90% of our main ingredients are traceable back to origin, with standards and certifications

## This pillar relates to the following material issues

- Human rights in the supply chain
- Protecting biodiversity, sustainable agriculture and preventing deforestation
- Climate action
- Animal welfare
- Farmer livelihoods and community development
- Corporate advocacy and industry collaboration
- Transparent supply chain

## How we align with the SDGs



# Ferrero's key raw materials

## SOURCE OF RAW MATERIALS



### Map key Countries where the raw materials are sourced



#### Cocoa

We source cocoa from Ivory Coast, Ghana, Nigeria, Ecuador and Colombia.



#### Hazelnut

We source from Turkey, Chile, US, Italy, France, Azerbaijan, Georgia, Argentina and Serbia.



#### Palm Oil

The majority of palm oil we use is sourced from Malaysia, followed by Indonesia, Guatemala and Colombia.



#### Dairy

We source the majority of our dairy ingredients from Europe; mainly France, Germany and Italy.



#### Sugar

We source beets mainly from European producers, and our sugarcane comes mainly from Brazil, Mexico, Turkey and Australia.



Established in 2015, Ferrero Hazelnut Company (FHC), is a division of the Ferrero Group. More than 3,000 people work in FHC around the world, in activities ranging from agribusiness development, sourcing and processing, to business to business activities. We are committed to ensuring the availability of high-quality hazelnuts by supporting the development of sustainable hazelnut cultivation globally.

5

Agricultural companies:

Argentina  
Australia  
Chile  
Georgia  
Serbia

7

Manufacturing plants across:

Chile  
Italy  
Turkey

# Ferrero's approach



"Our approach is built around robust due diligence, supplier management, traceability and transparency, certification and standards, partnerships, and collaboration. Building long-term relationships and supply chain transparency is deeply rooted in our culture. We welcome legal frameworks which create a levelled playing field in the industry, such as the EU Regulation on deforestation-free supply chains."

Nicola Somenzi, Head of Responsible Sourcing

## POLICIES

- Human Rights Policy Statement  
Scan or read more on <https://www.ferrero.com/int/en/about-us/policies-positions>



## Supplier Code

- Supplier Code  
Scan or read more on <https://www.ferrero.com/int/en/people-planet/source-our-ingredients-sustainably/ferrero-supplier-code>



## Our commitment

We aim to create a thriving supply chain that benefits farmers and their communities and protects people and the environment. Responsible sourcing is the way we do business and the way we build our supply chains across all our categories. The higher the risk, the stronger our level of understanding and protection of the supply chain needs to be.

## A challenging context

Ferrero has established practices to maintain sustainable and ethical supply chains and manage challenges related to raw material sourcing. We take the necessary steps to ensure raw materials are sourced responsibly and transparently while navigating the challenges in countries of origin.

**Cocoa:** Efforts are being made to make cocoa farming profitable and sustainable, with initiatives aimed at climate resilience, women empowerment, education and community development.

**Hazelnut:** Ferrero is working to increase supply-chain traceability and transparency in the hazelnut supply chain and support implementation of sustainable hazelnut farming practices through various development programmes and collaborations with universities and research centres.

**Palm oil:** We remain committed to sourcing RSPO-certified segregated<sup>1</sup> palm oil – traceable back to plantations – for our core brands, and to continuing to work with our acquired brands to increase traceability and ensure progress on complex issues in line with our commitments.

**Dairy:** In December 2022, we introduced our Dairy Charter with a strong focus on increasing transparency and traceability throughout our dairy ingredients supply chain. We aim to leverage this initiative to enhance existing programmes and forge new strategic partnerships aimed at supporting farmers in accelerating the adoption of sustainable farming practices.

## Our approach

Ferrero has a meticulous process in place for all procurement categories, and further steps are taken for selecting raw materials and packaging, which include internal procedures, supplier evaluations and continuous inspections. When it comes to supply chain visibility,

we call this process 'sacco conosciuto', which stands for 'knowing where the ingredients come from', as we focus on sourcing from carefully selected suppliers and farmers. These measures ensure product quality, freshness and traceability, to guarantee a raw material's traceability across the chain of custody and adhering to Ferrero's Supplier Code.

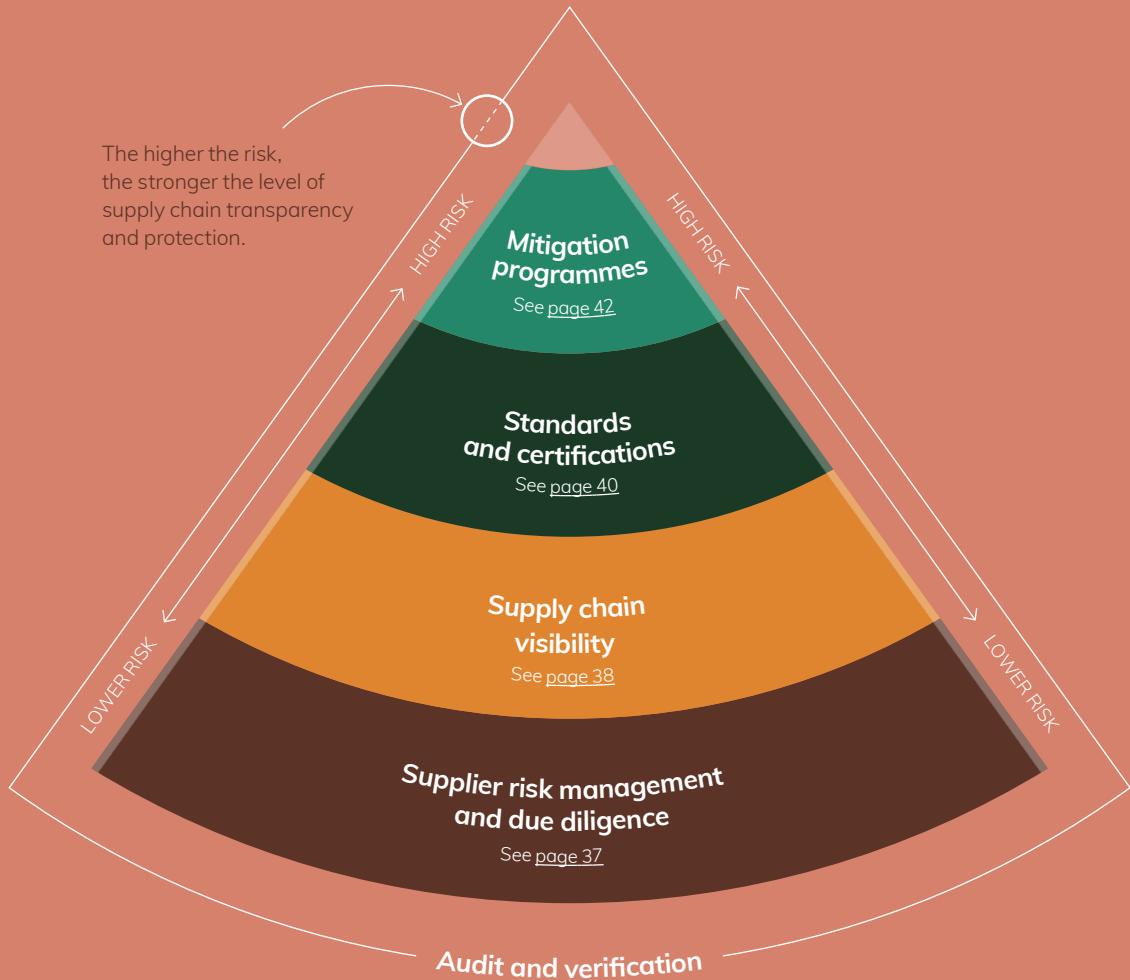
Responsible sourcing is crucial to our business and supply chain management. We focus our efforts on carrying out due diligence and maintaining robust supplier management processes rooted in traceability/transparency, certifications and standards, and mitigation programmes. Our four-step approach considers risk levels for raw materials, with higher risks requiring stronger protection. All suppliers, across all categories from raw material to general procurement, undergo risk assessment and due diligence, and we take extra steps to manage high-risk categories by implementing mitigation programmes to improve sustainability in farming and production. For more information, visit our [Ferrero Suppliers](#) website.

1 RSPO Certified Palm Oil from different certified sources that is kept separate from ordinary palm oil throughout the supply chain.



# Ferrero's approach continued

## RESPONSIBLE SOURCING STRATEGIC APPROACH: 4 STEPS



## FOCUS ON: OVERALL GOVERNANCE



Every month, the Responsible Sourcing Committee meets to discuss any non-compliances and to manage issues at the highest levels directly with our suppliers. The Responsible Sourcing Committee is chaired by the Group Procurement and FHC Officer. Issues discussed may include agreement on corrective action plans, exception management where necessary, companies' policies mutual recognition, or suspension of a supplier.

**~250**

cases have been managed in the Responsible Sourcing Committee since its creation

# Ferrero's approach continued

## SUPPLIER RISK MANAGEMENT AND DUE DILIGENCE

We focus on measuring, improving and assessing supplier practices. This includes analysing risks and opportunities, ensuring compliance, running improvement activities and building capability. 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.

### THE PROCESS INVOLVES

#### FERRERO SUPPLIER CODE ACKNOWLEDGMENT

#### PRIORITISATION

#### SUPPLIER ASSURANCES/ASSESSMENTS

#### AUDIT

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 five categories: packaging, supply chain procurement, technical procurement, general procurement and raw materials.

Ferrero also maintains a transparent and accessible grievance mechanism, including a 24/7 Integrity Helpline managed by a third-party.

### OUR EFFORTS INDICATORS AS PER FY 2022/23

#### SUPPLIER CODE ACKNOWLEDGEMENT

**~21,000**

Acknowledged/mutual recognition



● Completed ● In progress

#### ASSURANCES/ASSESSMENTS

**~1,200**

medium risk and above

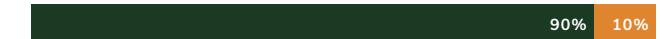


● Completed ● In progress

#### PRIORITISATION

**~21,000**

of active supply base



● Low risk ● Medium risk and above

#### AUDITS PLANNED

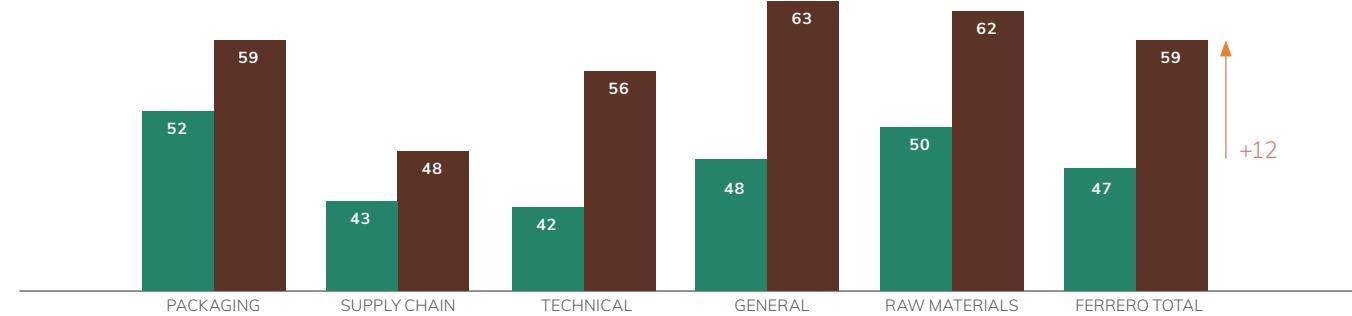
**~130**

on Due Diligence process



● Completed ● In progress

### OUR ACHIEVEMENTS SUPPLY CHAIN COMPLIANCE AS PER FY 2022/23<sup>2</sup>



● Ferrero average score 2022 ● Ferrero average score 2023

<sup>2</sup> Ecovadis supply chain scoring.

# Ferrero's approach continued

## SUPPLY CHAIN VISIBILITY

Supply chain visibility is vital for a fair and sustainable supply chain, ensuring quality and responsibility in raw material sourcing. Utilising tools like farmer mapping and technologies such as digital mapping and satellite monitoring, enable us to target issues like deforestation, child labour and forced labour. There are six steps we take to supply chain visibility, with satellite monitoring considered the most accurate tool to monitor farms.

### OUR 6 STEPS APPROACH

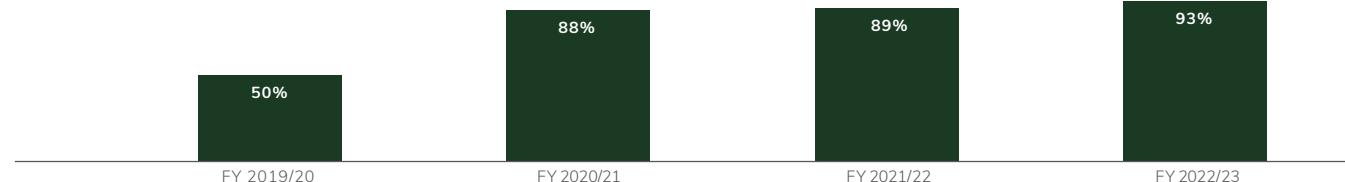
SATELLITE MONITORING	Carry out targeted satellite monitoring on the farms that produced the ingredient (including verification of non-deforestation)
FARM/ PLANTATION/ POLYGON MAPS	Knowing the location of the farms that produced the ingredient via a polygon map (i.e. maps with GPS points representing the perimeter of the farm plot)
FARM GPS COORDINATES	Knowing the location of the farms that produced the ingredient via a GPS point
TO FARMER	Knowing the farmers who produced the ingredient
TO FARMER GROUP	Knowing the farmers' organisation that managed the sale of the ingredient
TO ORIGIN COUNTRY	Knowing the country in which the ingredient was grown

### OUR EFFORTS

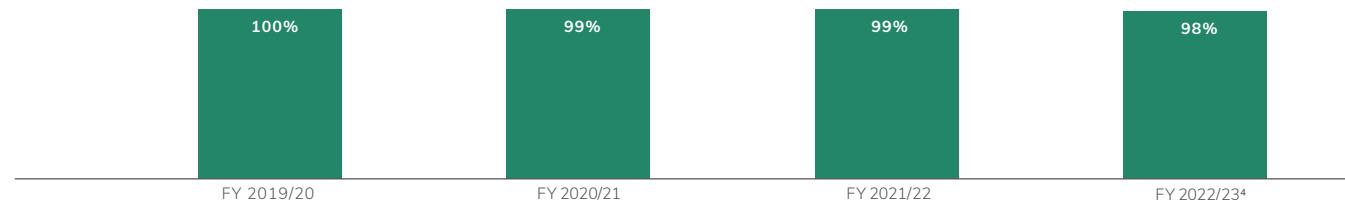
#### SUPPLY CHAIN VISIBILITY INDICATORS

The figures below represent the level of traceability for cocoa, palm oil and hazelnut.

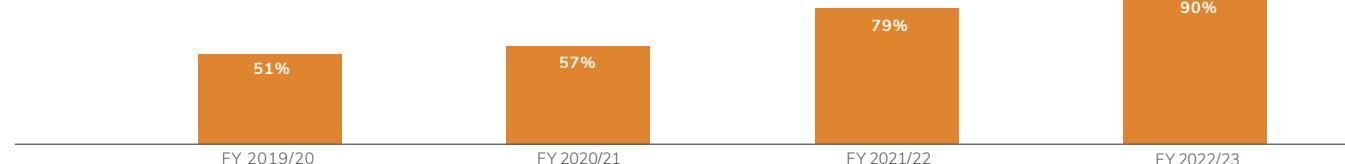
#### COCOA TRACEABILITY: FARM POLYGON<sup>3</sup>



#### PALM OIL TRACEABILITY: PLANTATION



#### HAZELNUT TRACEABILITY: FARMER



<sup>3</sup> Scope: Ferrero, Thorntons, Fannie May and FMC (former Nestlé US confectionery business).

<sup>4</sup> The traceability of palm oil is down compared to the previous year as we have now integrated our acquired companies in boundaries of the calculation of traceability: Eat Natural, Fannie May, FMC (former Nestlé US confectionery business), ICFC, former Kellogg's cookies, crust and cones, Thorntons.

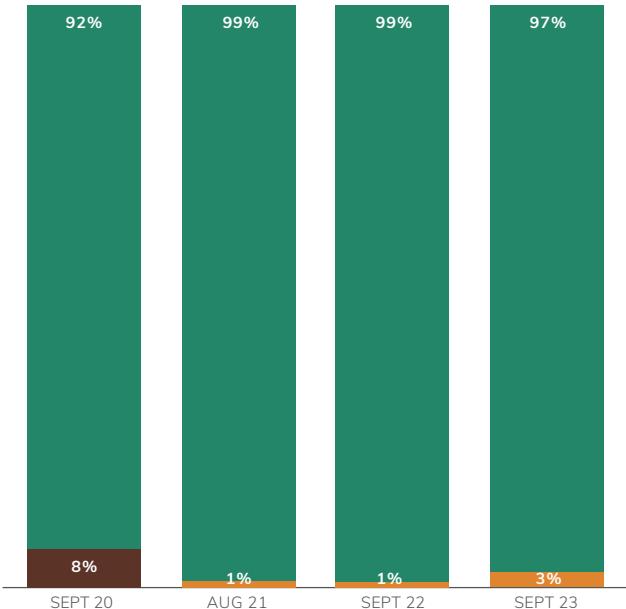
# Ferrero's approach continued

## SUPPLY CHAIN VISIBILITY CONTINUED

### OUR ACHIEVEMENTS

#### DEFORESTATION-FREE VERIFIED PALM OIL<sup>5</sup>

From July 2022 to June 2023, over 1.6 million hectares of land were monitored using the Starling non-deforestation satellite.

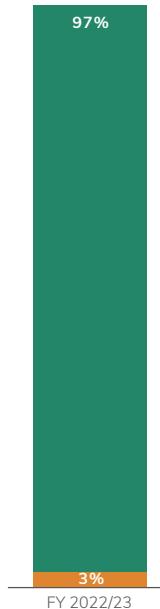


- Alerts confirmed
- Alerts under investigation
- Deforestation-free verified

<sup>5</sup> Externally assessed by Earthworm Foundation. Deforestation-Free Verification of palm oil refers to Ferrero core brands and acquired brands (Eat Natural, Fannie May, FMC (former Nestlé US confectionery business), ICFC, & Thorntons), excluding former Kellogg's cookies, crust and cones due to its ongoing integration into Starling monitoring approach.

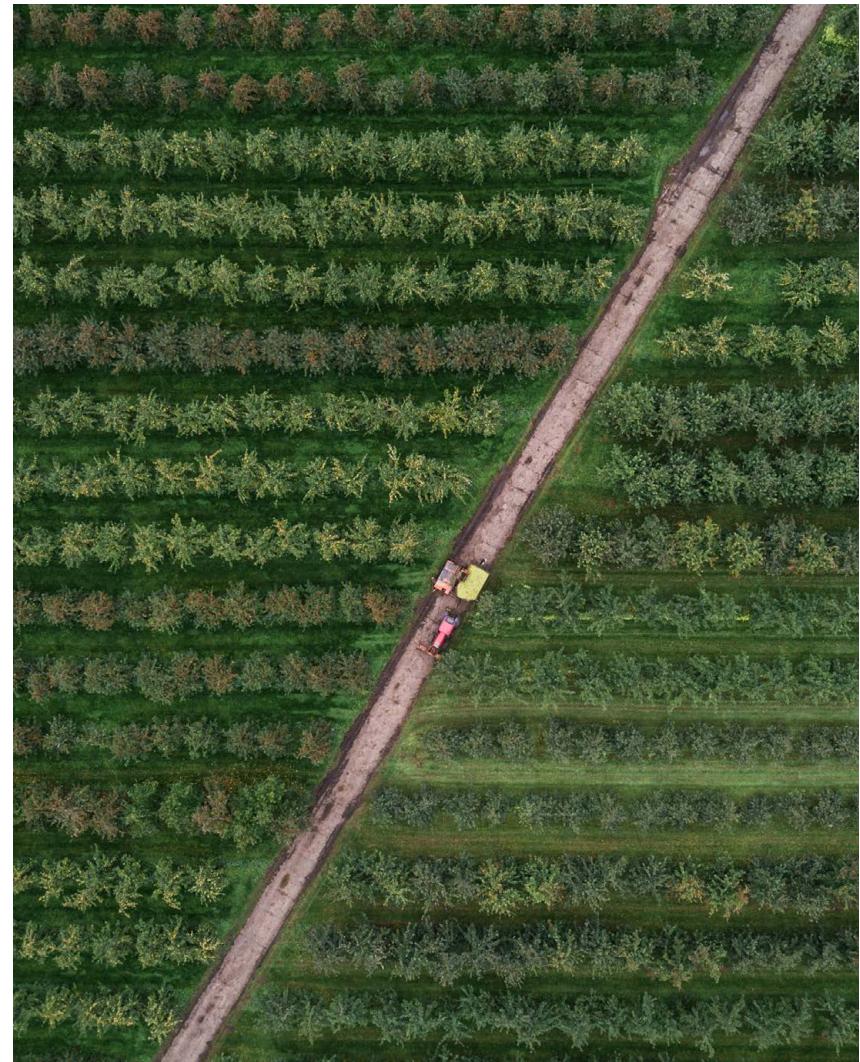
### OUR ACHIEVEMENTS

#### DEFORESTATION-FREE VERIFIED COCOA<sup>6</sup>



- Alerts under investigation
- Deforestation-free verified

<sup>6</sup> Data Source: Sourcemap, Global Forest Watch, fiscal year 2022/23.  
Scope: Dedicated Farmer Groups volumes



# Ferrero's approach continued

## STANDARDS AND CERTIFICATIONS

Certification schemes are sought to ensure third-party assurance that suppliers meet traceability and sustainability standards. Commodity Charters, such as the Hazelnut, Palm Oil and Cocoa Charters, outline minimum supplier requirements, certifications and traceability levels. These charters detail the methodology, technology and commitments made to improve conditions, including a three-year plan with public progress reports.

### COCOA

The total cocoa volume we received in fiscal year 2022/23 was close to around 220,000 tonnes, of which 70% was cocoa beans processed in-house, with the remaining 30% being cocoa derivatives such as liquor, butter and powder, and chocolate products. 100% of our cocoa is sourced through certifications or other independently managed standards such as Rainforest Alliance, Cocoa Horizons and Fairtrade.

### PALM OIL

We remain committed to sourcing RSPO certified segregated palm oil traceable back to plantation. For the total palm oil volumes sourced by the Ferrero Group<sup>7</sup>, between July 2022 to June 2023, 96.9% was RSPO Certified Segregated<sup>8</sup> and 3.1% RSPO Certified Mass Balance<sup>9</sup>, with 98% total traceability to plantation.

### HAZELNUT

Since 2012, Scientific Certification Systems (SCS) has overseen the audit programme for the Ferrero Farming Values (FFV) Production Standard in Turkey, 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.

Our farms in Australia, Chile and Serbia are certified under the Sustainably Grown Standard, and the certification programme gives agricultural producers technical support in improving sustainable management at their plantations.

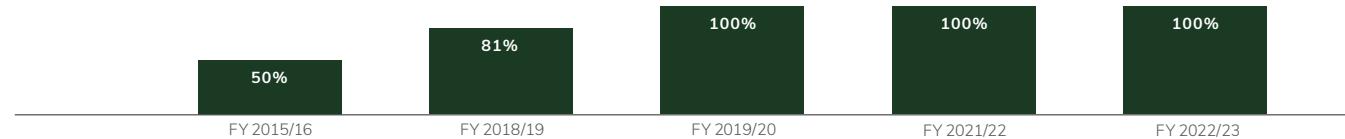
<sup>7</sup> Ferrero core brands and acquired brands (Eat Natural, Fannie May, FMC (former Nestlé US confectionery business), ICFC, former Kellogg's cookies, crust and cones, Thorntons).

<sup>8</sup> RSPO Certified Sustainable Palm Oil from different certified sources that is kept separate from ordinary palm oil throughout the supply chain.

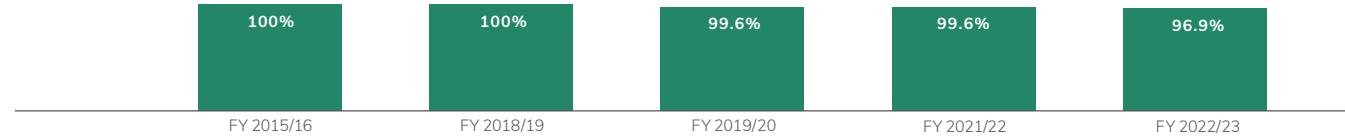
<sup>9</sup> RSPO Certified Sustainable Palm Oil from certified sources that is mixed with non-certified palm oil throughout the supply chain.

## OUR EFFORTS KEY CERTIFICATION COVERAGE IN KEY COMMODITIES

### COCOA



### PALM OIL<sup>10</sup>



### SUGAR<sup>11</sup>



### HAZELNUT<sup>12</sup>



<sup>10</sup> Ferrero Group Palm Oil sourcing from July 2022 to June 2023 (Ferrero core brands and acquired brands; Eat Natural, Fannie May, FMC (former Nestlé US confectionery business), ICFC, former Kellogg's cookies, crust and cones, Thorntons).

<sup>11</sup> All our refined cane sugar is certified by Bonsucro, a global multi-stakeholder non-profit organization that promotes sustainable sugarcane production (through the accepted mass balance method and through credits). We have been a member since 2010. Bonsucro credits are proof that a unit of sugarcane has been sustainably produced to Bonsucro's Production Standard. Credits reward Bonsucro-certified mills and farms for their commitment to sustainability, and a portion of fees from Bonsucro credit sales are invested directly in local initiatives for other farms and mills to adopt more sustainable practices. In fiscal year 2022/23, Bonsucro credits accounted for around 65% of the total certified volume. In fiscal year 2022/23, our sugar purchases were approximately 34% refined cane sugar and 66% beet sugar. We source beets mainly from European producers, and our sugarcane comes mainly from Brazil, Mexico, Turkey and Australia.

<sup>12</sup> Hectares of land certified FFV & SCS.

# Ferrero's approach continued

## STANDARDS AND CERTIFICATIONS CONTINUED



### DAIRY

We are using the Sustainable Dairy Partnership (SDP)\* as part of our strategy to promote continuous improvement in the sustainability of our dairy ingredients. We encourage our dairy suppliers to use the SDP, which offers a harmonized global approach to dairy sustainability.

\*Sustainable Dairy Partnership—SAI Platform.

IN 2022/23

**24%**

of our dairy Ingredients suppliers, in volume, are using the SDP



### COFFEE

We source coffee beans certified by Rainforest Alliance as segregated\*, mainly from: Brazil, Colombia, Costa Rica, and the Dominican Republic.

\* Purchased from a certified farm physically separated from non-certified ingredients throughout the whole supply chain.

IN 2022/23

**100%**

coffee beans sourced as Rainforest Alliance segregated certified



### EGGS

We are working towards our commitment to source only cage-free barn egg products globally by end 2025.

Currently we source 100% cage-free barn egg products in the EU, a target that we reached in 2014. Our European egg products supply chain accounts for 90%\* of all egg products we use globally. We are also working to source egg products from cage-free systems throughout our wider global supply chain, collaborating with suppliers with the aim of ensuring cage-free egg products for our Turkey and Mexico factories. We acknowledge that the supply of cage-free egg products in Mexico presents a challenging context that requires further resources and lead time to transition towards. We remain committed to engaging and supporting the supply chain transformation at scale in the country.

\* Our European egg products supply chain accounted for 93% of our global egg products supply chain in the previous reporting period (September 2021 – August 2022). During the current reporting period (September 2022 – August 2023), our total sourcing volumes increased in part due to the integration into the Ferrero Group of an acquired brand from Kellogg's North American snacks business, thereby reducing the overall share of the European cage free supply chain.

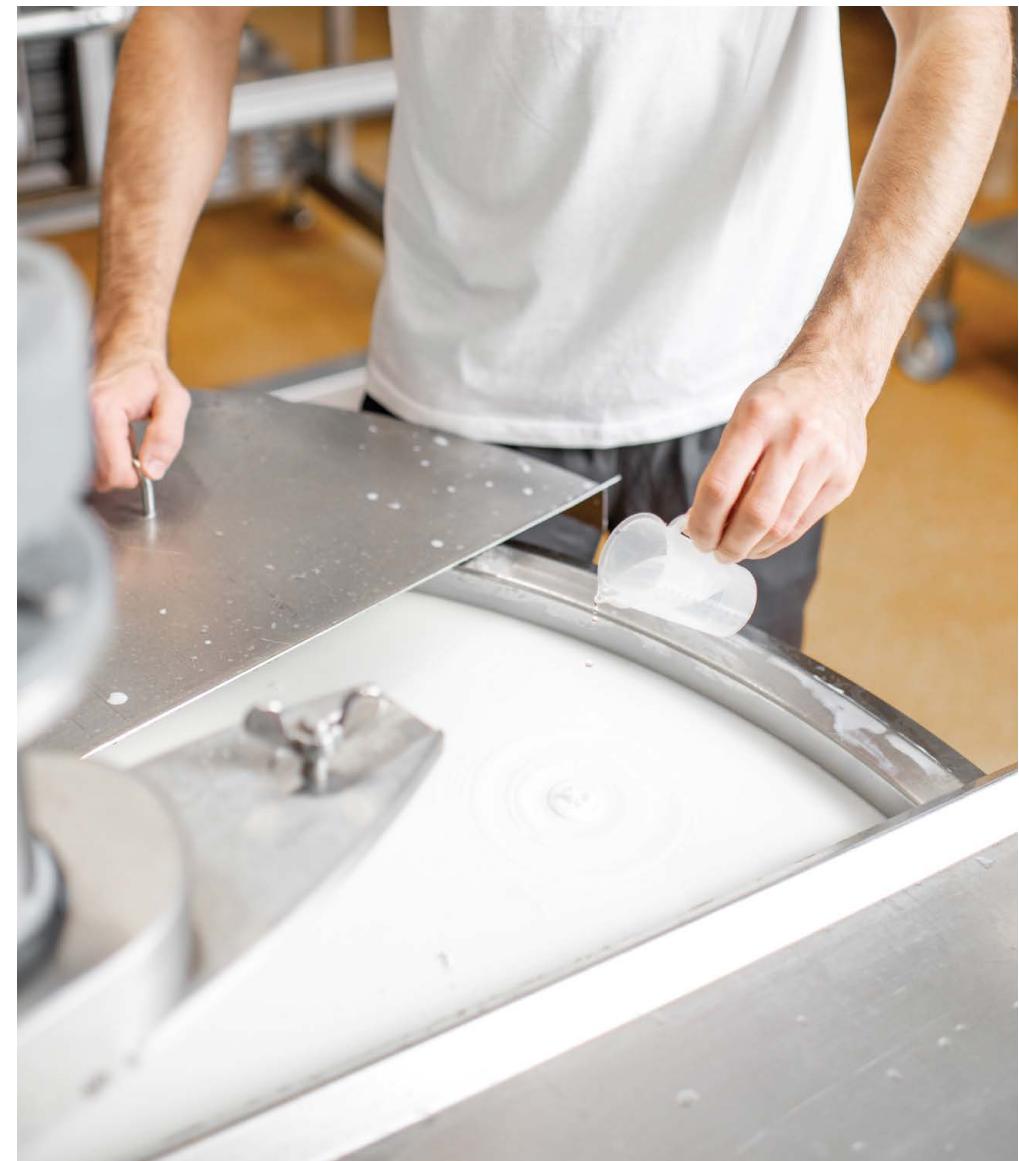
IN 2022/23

**100%**

cage-free barn egg products in the EU

**90%**

cage-free barn egg products worldwide

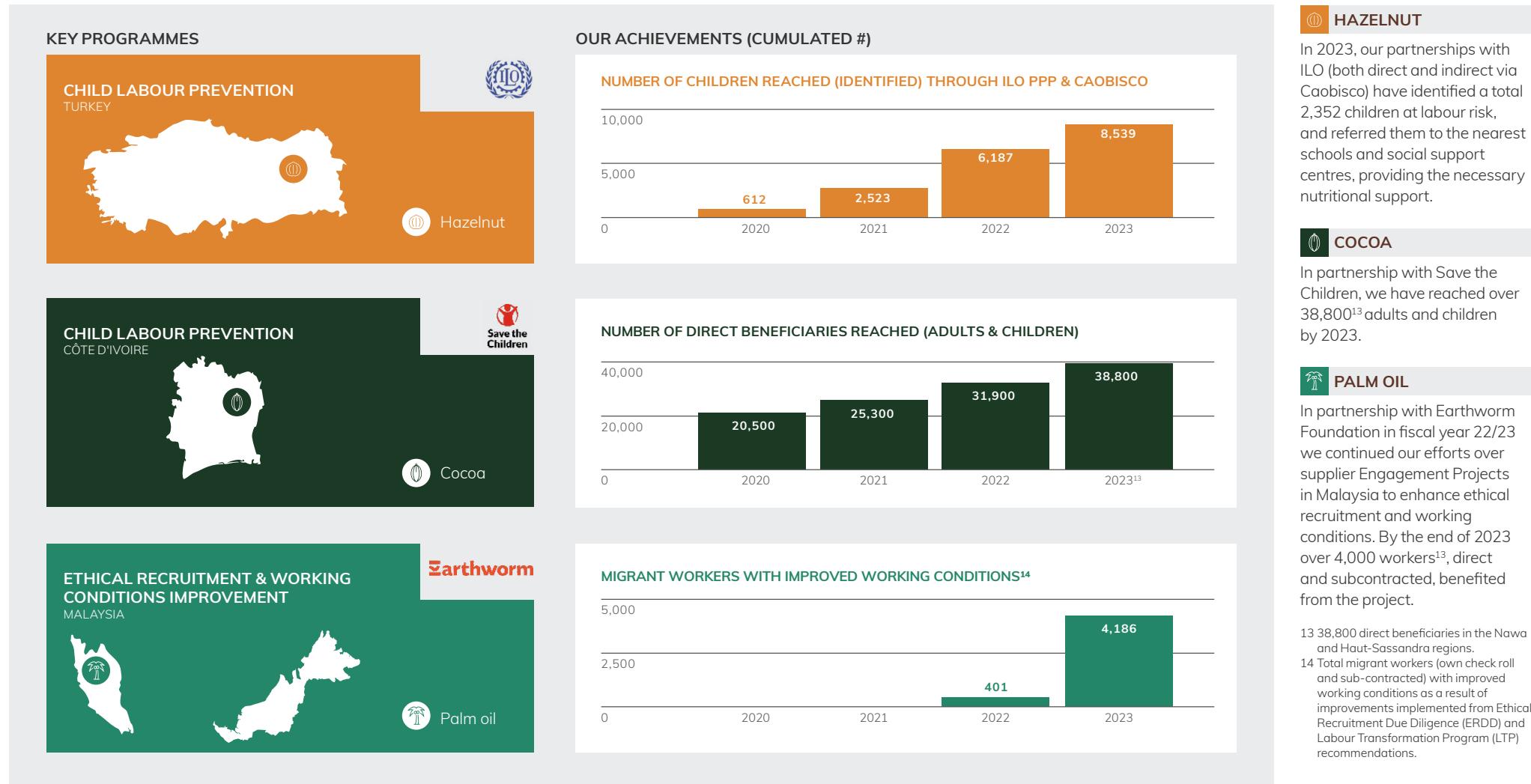


# Ferrero's approach continued

## MITIGATION PROGRAMMES

To address complex supply chain challenges, collaboration with NGOs, scientists, universities, authorities, peers, industry bodies and suppliers is essential. When due diligence, traceability and standards aren't sufficient, direct investment in trusted partners helps make a tangible impact.

### MITIGATION PROGRAMMES IN ALL OUR KEY REGIONS/COMMODITIES



# Ferrero's approach continued

## AUDITS AND VERIFICATIONS

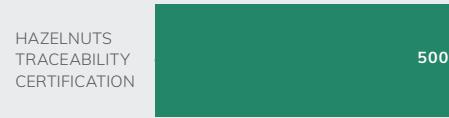
Audit and verification activity applies to each of the above 4 streams. We carry out third-party (certifications) and second-party (internal standards) audits. The two main goals of the audits are to either assess the compliance of our suppliers/value chain concerning specific standard/certification or verify the correctness of the supplier's declaration.

~1,500

on-site or remote<sup>15</sup> audits per year

### OUR EFFORTS

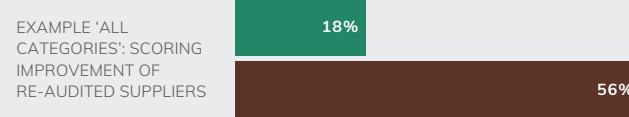
Over this fiscal year, we have focused our efforts on carrying out audits and verifications for suppliers beyond tier 1.



● Audits

### OUR ACHIEVEMENTS

Below are some examples to demonstrate how our efforts have resulted in improvements.



● 2021/22 ● 2022/23

The results show continuous improvement considering the same set of suppliers. In the first year, the suppliers scored 18% on average and in the second year, the same suppliers re-audited scored 56% on average.

<sup>15</sup> Remote audits can be carried out only for some traceability audits.

# Our publications and online documents

## FERRERO'S TRACEABILITY APPROACH

The Group is making an enormous effort to enhance the transparency of our activities on our supply chains through comprehensive and detailed description of our policies and programmes, across categories and per category. For all main categories detailed reports are issued on an yearly basis.

## ALL CATEGORIES: SUPPLIER RISK MANAGEMENT AND DUE DILIGENCE SHARED WITH ALL GROUP'S SUPPLIERS



Scan or read more  
on <https://www.ferrero.com/int/en/people-planet/source-our-ingredients-sustainably/ferrero-supplier-code>

## SELECTED CATEGORIES: COMMODITY CHARTERS



Scan or read more  
on <https://www.ferrero.com/uk/en/people-planet/source-our-ingredients-sustainably/hazelnuts>



Scan or read more  
on <https://www.ferrero.com/uk/en/people-planet/source-our-ingredients-sustainably/palm-oil>



Scan or read more  
on <https://www.ferrero.com/uk/en/people-planet/source-our-ingredients-sustainably/cocoa>



Scan or read more  
on <https://www.ferrerosustainability.com/int/en/documents/dairy-documents>

## SELECTED CATEGORIES: PROGRESS REPORTS



Scan or read more  
on <https://www.ferrero.com/int/en/people-planet/source-our-ingredients-sustainably/hazelnuts>



Scan or read more  
on <https://www.ferrero.com/int/en/people-planet/source-our-ingredients-sustainably/cocoa>



Scan or read more  
on <https://www.ferrero.com/int/en/people-planet/source-our-ingredients-sustainably/palm-oil>

# Our human rights and social case studies

## Human rights and social practices

Our approach to salient human rights issues varies across initiatives and activities, including supply chain traceability, risk assessments, capacity building, awareness raising and development projects to improve working and living conditions for workers, including seasonal workers and their families. We are committed to preventing and eliminating child labour in our value chain and ensuring children's right to education and a safe environment.

### CASE STUDY



#### OVERVIEW OF ACTIVITIES IN 2023<sup>16</sup>

# of children reached (identified)	4,518
# of children prevented from work	3,825
# of families reached	1,937
# of intermediaries received training and counselling	370
# of garden owners received training and counselling	2,060
# of hygiene kits delivered	4,132
# of educational material delivered	3,514
# of beneficiaries through improvement activities	648

<sup>16</sup> Perimeter: ILO, FFV, and local partners and suppliers in Turkey.



## HAZELNUT: PROGRAMMES

### Ferrero Farming Values (FFV)

Child protection is an important part of our Ferrero Farming Values (FFV) sustainability programme, which has been active in Turkey since 2012. Our FFV team in Turkey is present on the ground, running training and audits and engaging with farming communities to raise awareness and improve social practices. Through our FFV programme and our work with the ILO (via Public-Private Partnerships (PPP) & CAOBISCO), activities now cover all our hazelnut sourcing areas in Turkey. In the 2023 growing season, we engaged with more than 4,500 children of seasonal agricultural workers in Turkey, providing educational activities to promote joyful growth in partnership with the ILO, with Ferrero's hazelnut suppliers, and alongside the activities of our FFV team and local Partners and Authorities (Düzce Ministry of National Education, The Education Volunteers Foundation of Turkiye (TEGV) and Giresun University). Through our activities and partnerships, we also distributed educational and hygiene kits for families and, in collaboration with local municipalities, established sanitation units for families within the temporary accommodation of seasonal agricultural workers.

### ILO Partnership: Activities on the ground

In the third year of implementation, we expanded the project's geographical scope and the scope of activities, building upon the experiences and learnings from the previous years of implementation. As the introduction of the project to national and local stakeholders in Trabzon, Zonguldak and Samsun – to ensure their ownership and participation in project activities – were sustained from previous years, the support continued to run smoothly this year. Recognising the need for enhanced living and working conditions of seasonal agricultural workers, their families and children, a new project was launched to help improve workers' lodges. This activity was built into the existing project and feasibility studies were conducted. Ordu, Sakarya, and Düzce were added as new project provinces, specifically aligned with initiatives aimed at improving living and working conditions. In addition, Ordu was integrated as a new project province for direct intervention activities.

### Earthquake response

A devastating earthquake with a magnitude of 7.8, and an epicentre in the Pazarcık district of Kahramanmaraş province, hit South-eastern Turkey on 6 February 2023. The earthquake affected ten provinces where many seasonal agricultural workers and their families reside, including the project province Şanlıurfa, Adiyaman and Diyarbakır. After the earthquakes, the affected provinces faced several social and humanitarian challenges. We agreed with the ILO to urgently mobilise necessary resources from the existing Public-Private Partnerships budget to Adiyaman. Seasonal agricultural workers and their families affected by the earthquake were also supported through material distributions such as dry food kits, children's hygiene kits and women's hygiene kits. In addition, the 'Earthquake Response' activity was integrated into the project and Adiyaman was added as a project province for the Earthquake Response initiative, to provide long-term support to both families and children. As of May 2023, a child-friendly support centre was established in K-2 Container City in Adiyaman, which was selected in consultation with the governorship and the Provincial Directorate of the Ministry of Family and Social Services, and psycho-social support activities in the support centre were initiated.



TURKEY

# Our human rights and social case studies continued

## CASE STUDY



### THIRD YEAR RESULTS PROJECT IN THE HAUT-SASSANDRA REGION

2023 marks the third year of our project in the Haut-Sassandra Region in partnership with Save The Children. During the year, we continued implementing activities in all 65 communities.

Progress has been made along the pillars reaching 18,342 direct beneficiaries including 6,403 children by the end of the third year.

### SOME KEY HIGHLIGHTS INCLUDE:

Pillars	Activities	Year 3	Cumulative
Improving Child Protection	Child Protection Committees	n/a	65
	People trained and sensitised on children's rights	36,285	46,582
Community Strengthening	VSLA members (65 groups)	n/a	1,788 <sup>17</sup>
	VSLA members with an income generating activity	1,182 (75%)	1,182 (75%)
Increasing access to Education	Bridge classes (re) built and opened	5	66
	Out-of-school children (9-14 yr) enrolled in bridging classes	1,001	2,976
	Communities supported with operating community canteens	57 <sup>18</sup>	57
Empowering Adolescents and Youth (A&Y)	Number of A&Y participating in training on life-skills, decent work, children and A&Y rights	138	138

17 1,384 women (77%) and 404 men (23%).

18 57 communities canteens opened (and 112 canteen staff trained).

### OUR PROJECT IN ACTION: VILLAGE SAVINGS AND LOANS ASSOCIATIONS (VSLA)

Village Savings and Loans Associations (VSLA) support communities, while infrastructure projects like vegetable greenhouses and water pumps improve living conditions.

A VSLA is a small group of individuals, often women, and offers self-managed savings, insurance and credit services to help set up small businesses. When VSLAs become more mature, the objective is to connect them to financial institutions which allows them to have access to larger financial credit.

The benefits of VSLAs go beyond access to credit, as they are considered effective platforms to provide training to people in various topics, such as financial literacy, good nutrition and healthcare. The benefits are felt not only by the members of the VSLAs, as the members become more financially independent, contributing strongly to women's empowerment and the wellbeing of their children.

In fiscal year 2022/23, we had over 1,700 active VSLAs made up of close to 47,000 members in the Ferrero Cocoa Program.

As part of our continuous commitment to improve farmer livelihoods, protect children's rights and strengthen communities, we have set an ambition to have 2,000 VSLAs by 2025, an increase of 40% compared to 2022.



CÔTE D'IVOIRE

# Our human rights and social case studies continued

## CASE STUDY



### PALM OIL: SUPPLIER ENGAGEMENT PROJECTS IN MALAYSIA

Since 2021, we have worked with Earthworm on a project to support the adoption of responsible labour practices within Ferrero's palm oil supply chain in Peninsular Malaysia, which resulted in the development of a mill and plantation engagement framework.

We have engaged two mills and two estates of one of our key third-party suppliers through two programmes.

The first programme focused on supporting the adoption of labour practices to ensure fair, safe and decent working conditions for workers. The second programme focused on building the capacity to adopt and implement ethical recruitment practices.

By the end of 2023, over 190 migrant workers were directly engaged<sup>19</sup> and more than 4,000 workers, direct and subcontracted<sup>20</sup>, benefited from the project.

We are continuously assessing ways to scale the programme to benefit more stakeholders along our value chain and to provide support where necessary. In 2024, we will continue our efforts by extending this support programme across the operations of another third-party supplier in Malaysia.

19 Workers interviewed as part of fieldwork as part of ERDD and LTP.

20 Total migrant workers (own check roll and sub-contractor) with improved working conditions as a result of improvements implemented from ERDD and LTP recommendations.



MALAYSIA

# Our environmental protection case studies

## Environmental protection

Our approach to environmental protection is rooted in our commitment to engage and collaborate with farms and suppliers.

In the cocoa and palm oil sector, we target deforestation and forest degradation, whilst in the hazelnut sector we promote regenerative agricultural practices, while also targeting water consumption, soil organic matter and responsible pest and disease strategies.

### CASE STUDY



### HAZELNUT – FOSTERING THE PRINCIPLES OF REGENERATIVE AGRICULTURE

In partnership with farmers and suppliers, we foster the principles of regenerative agriculture to enhance all components of the environment and farmers' wellbeing.

Through our dedicated division, [Ferrero Hazelnut Company \(HCo\)](#), we are supporting hazelnut cultivation by working towards understanding and demonstrating the benefits of regenerative agriculture. This means that our long-term focus is on farming in harmony with nature. We advocate for agricultural practices that prioritise improving soil health, promoting biodiversity, safeguarding water sources, adopting integrated pest management practices, optimising plant nutrition and ensuring proper treatment of waste. In addition, we believe that as a perennial tree crop, hazelnut trees can bring benefits to the environment, due to their important role as carbon sinks.

We have ten farms located across five countries worldwide. These farms play a crucial role in conducting trials and integrating innovative, cutting-edge practices valuable to the entire hazelnut community. Additionally, they serve as an important knowledge hub for local farmers. As well as this, we have agronomists that are providing technical advice to farmers.

Each farm is also required to develop a comprehensive Farm Management Plan. This operative document compiles all management and cultivation practices of the farm, whilst also outlining objectives and key performance indicators to enhance its regenerative performance.

Our [Agri Competence Centre \(ACC\)](#), has developed and disseminated scientific knowledge related to hazelnut cultivation. Our aim is to enhance the quality and productivity of the crop, tackle pest-management challenges, embrace regenerative practices, and introduce climate-resilient cultivars. We are dedicated to promoting the establishment of new sustainable plantations and enhancing the performance of existing ones. Our initiatives included conducting trials to optimise water consumption and soil organic matter, assessing carbon sequestration to implement integrated pest and disease management strategies.

We have performed a carbon Life Cycle Assessment (LCA) of the whole HCo supply chain. This study represents a high accurate cradle-to-gate LCA of processed hazelnuts in the HCo supply chain. This study aims to assess the carbon footprint of hazelnut growing regions, individual hazelnut processing plants and processed products of HCo. The value chain studied covered two main stages: 1) hazelnuts farming (orchards); and 2) hazelnuts industrial processing. Along with the LCA we are elaborating an emissions reduction plan to tackle main emission factors identified by implementing a set of reduction actions across the whole value chain.

We have developed and deployed a set of guidelines, aimed at increasing awareness of Ferrero's objectives on human rights and social practices, environmental protection and sustainability, and supplier transparency, to more than 21,000 farmers around the world. These guidelines are addressed to farmers and are structured according to the three pillars of the [Hazelnut Charter](#). Under each pillar, we explain what is important to Ferrero and why, followed by specific guidelines to help inspire the right practices for responsible hazelnut production. These indications listed in the Guidelines are not compulsory but are meant to encourage farmers. To continue our journey towards continuous improvement of the value chain, we conducted a survey in the primary countries where the guidelines were distributed (Turkey, Italy, Chile). With over 1,200 respondents, the final outcomes revealed an overall satisfaction with the guidelines. Furthermore, farmers expressed willingness to learn more about sustainable practices in hazelnut production and expressed a desire for similar guidelines in the future.

To expand on the guidelines for sustainable hazelnut production, we collaborated with the [International Union for Conservation of Nature \(IUCN\)](#). They provided strategic and technical support on regenerative agriculture, including helping set KPIs for hazelnut farmers.

# Our environmental protection case studies continued

## CASE STUDY



 CÔTE D'IVOIRE



## COCOA – FOREST PROTECTION AND RESTORATION (COCOA AND FOREST INITIATIVE – CFI)

The rate of deforestation and forest degradation, particularly in Côte d'Ivoire, threatens to undermine the resilience of the cocoa sector and the surrounding environment, and accelerate the climate, biodiversity and natural resource crisis.

This affects the livelihoods of the millions of smallholder farmers who depend on it.

Working with our suppliers, communities and local authorities, we're contributing to ending deforestation, restoring forest areas and supporting farmers in converting to agroforestry systems and becoming more climate-resilient. We do this through the Cocoa and Forest Initiative (CFI), which brings together companies and governments to act collectively and in a coordinated manner.

Ferrero set an ambitious target in its CFI Action Plan with the commitment to distribute in the period 2018-2022 no less than 732,000 native trees in Côte d'Ivoire for reforestation off-farm to restore forest cover and help increase biomass in the ecosystem.

As a result of a significant financial investment in the 20/21 season, Ferrero managed to surpass the goal with a total distribution of 775,000 native trees. About half of those native trees were distributed and planted by our partner FarmStrong.

### Restoration of Mount Kourabahi

The success of the project was a result of a multi-faceted approach involving key stakeholders.

### Engagement with government bodies

We have collaborated with the Ministry of Water and Forests and SODEFOR, whose knowledge and expertise were essential in assigning areas for forest restoration and implementation activities. With their support, mass sensitisation was carried out in the communities involved and mobilised the traditional Chiefs and community members.

### Creation of green jobs

A total of 56 'green jobs' were established to create and manage the tree seedling nurseries thereby providing individuals, including women, with additional income.

"Our long-term partnership with FarmStrong has enabled us to create biodiversity enclosures and to start the restoration project for Mount Kourabahi, which degraded to more than 80% of its initial coverage. We encourage these private initiatives to support us in improving the living environment through the restoration of forests and the creation of forests with communities."

**Colonel Kotchi**, the Regional Director of the Ministry of Water and Forests

### Fostering the power of technology in forest restoration efforts

In 2020, an in-depth analysis was carried out to assess the situation of the Classified Forest of Mount Kourabahi. Artificial intelligence has been used to analyse satellite images of the area, captured with the most sophisticated Earth Observation technologies. The findings were key to mapping out the areas that needed to be restored. To date, over 200,000 seedlings have been planted to cover 670 hectares, about 20% of the total Mount Kourabahi forest.

### Environmental awareness in schools

An important element of FarmStrong's multi-faceted approach is environmental awareness training with students and planting trees in schoolyards, to sensitise the younger generation on the importance of forest restoration.

# Our environmental protection case studies continued

## CASE STUDY



### COCOA – ACCESSIBLE SOILS AND SUSTAINABLE ENVIRONMENTS (ASASE) IN GHANA

The ASASE project is an innovative model designed to support cocoa farmers, their rural communities and local forest remnants beyond their farms. It focuses on three levels of intervention using a landscape approach.

**Collaboration with cocoa farmers:** The project provides farmers with Climate Smart Cocoa training and individual coaching to create a long-term development plan for their farms. This helps them understand the importance of cocoa agroforestry and provides them with shade trees to protect their cocoa trees from harsh sunlight, reduce the impact of climate change, and improve the quality and yield of their cocoa beans.

**Support for rural communities:** ASASE also offers support for land and tree registration, which provides farmers with tenure security. This alleviates their concerns about losing their land or trees and allows them to plan long-term investments in their farms without fear of losing everything.

**Preservation of local forest remnants:** By promoting sustainable farming practices, the project aims to protect the environment and preserve the land for future generations.

ASASE provides tangible benefits for farmers and the environment, offering individuals training, land tenure security and support for sustainable farming practices, ultimately benefiting both the farmers' livelihoods and the surrounding ecosystem.



GHANA

#### ASASE

Accessible Soils and Sustainable Environments reaching 5,000 farmers over 4 years

##### Land Tilting

**Target:** 3,000 farmers receiving land tenure documentation.

01

##### Share Tree Registration

**Target:** 3,000 farmers receiving tree ownership documentation and 550,00 multi-purpose tree seedlings distributed for on-farm planting.

02

##### Individual Farmer Coaching

**Target:** 3,000 farmers with personalised on-farm coaching twice per year.

03

##### Forest Conservation

**Target:** Set up 25 Community Resource Management Committees to protect 100 ha of existing forests.

04

##### Reforestation of Degraded Lands

**Target:** Distribute 10,000 multi-purpose tree seedlings and restore 100 hectares of degraded lands.

05

##### Village Savings and Loan Associations

**Target:** Set up 80 Village Savings and Loan Association (VSLA) with 2,500 members.

06

# Our environmental protection case studies continued

## CASE STUDY



## PALM OIL – NATURE-BASED SOLUTIONS

For a sustainable supply chain, we need to ensure the reduction of synthetic fertiliser usage, promoting resilient, nature-based and biodiversity-friendly production practices. Since 2021, we have been part of a pilot project led by the Sustainable Agriculture Network (SAN), a global collaborative impact network focused on helping farmers and rural communities thrive. In 2022, alongside SAN, we conducted research in palm oil smallholdings in Malaysia to better understand how native plant diversity can be an effective nature-based solution for suppressing insect pests. The research represents the start of a programme to encourage palm oil producers to adopt enhanced biodiversity conservation practices, establish habitats for beneficial insects and reduce the usage of synthetic pesticides.

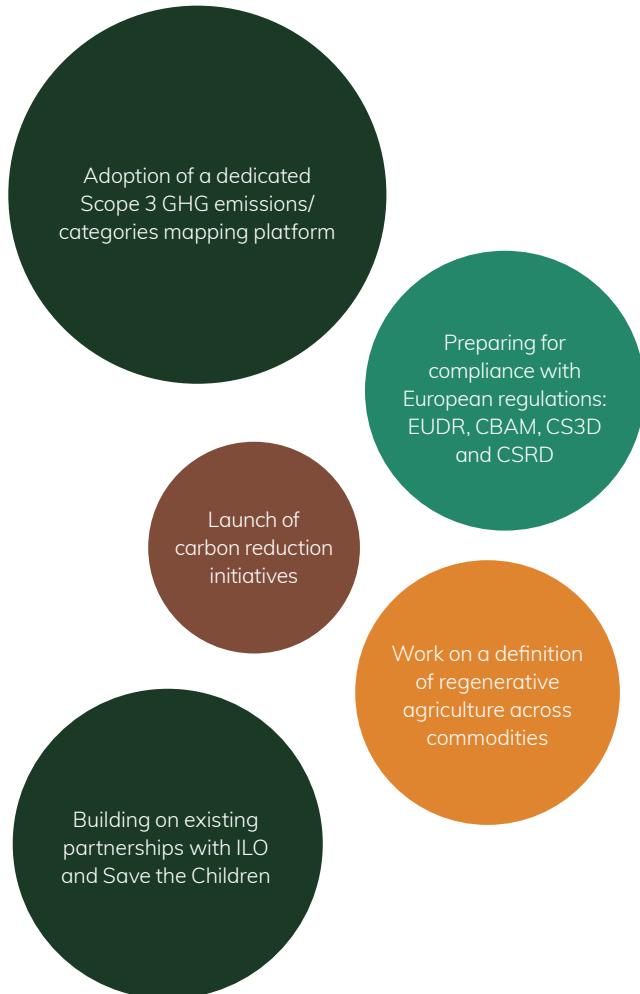
The 2022 results included identifying the best-in-class native plant species to be propagated in the next stage of the project, as well as findings about the potential of some plants naturally growing under the oil palm canopy as a resource for beneficial insect populations. The outcome of the research will inform the next phase of the programme and will also contribute to a growing body of knowledge on the benefits of agricultural biodiversity for producers, nature and society using flower strips and managing the understory layer of palm oil production areas.

In 2023, the project continued to scale, focusing on restoring, preserving and enhancing biodiversity in palm oil production systems by developing a toolkit of nature-based solutions based on the growing programme with smallholders and going beyond by replicating the project concept in a medium sized state.



MALAYSIA

# Our priorities going forward



## REGULATIONS

The current fiscal year 2023/24 comes with several new challenges, especially around the evolution of the regulatory landscape. We are preparing thoroughly to ensure compliance with the set of approved European regulations:

- EUDR (EU Regulation on Deforestation-free Products)
- CBAM (Carbon Border Adjustment Mechanism)
- CSRD (Corporate Sustainability Reporting Directive)
- CS3D (Corporate Sustainability Due Diligence Directive)

In particular EUDR, which is addressing specifically agricultural commodities imports and food companies' products. We will leverage on robust traceability levels on cocoa and palm oil to ensure full alignment with the regulation; at the same time, we will launch extensive efforts to achieve high levels of traceability also for coffee (as requested by the regulation) and for the dairy suppliers (in line with our internal sustainability objectives).

## SCOPE 3 MAPPING

In fiscal year 2022/23, for the first time, we completed the mapping of Scope 3 GHG emissions, based on a mix of primary (for most volumes and raw materials) and secondary data (where not available at the supplier level). A couple of initiatives will take place in fiscal year 2023/24, which will enable us to continue to make progress on Scope 3 mapping:

- Adoption of a dedicated Scope 3 mapping platform to simplify suppliers' engagement and improve secondary data reliability/accuracy.
- Launch of selected carbon reduction initiatives in the dairy category.

## REGENERATIVE AGRICULTURE

Another key topic on the radar is regenerative agriculture farming practices. Farmers within Ferrero's supply chain are already adopting these practices, such as the Cocoa and Forest Initiative (CFI) standard of agroforestry in cocoa (>35% of Ferrero's cocoa volumes are already produced leveraging the CFI standard). For palm oil, we are directly testing practices with business partners such as Sustainable Agricultural Network-specific 'nature services' techniques. With regards to hazelnuts, we are extensively leveraging 'good agricultural practices' for our own agri-farms and key collaborators (i.e. FFV farmers in Turkey).

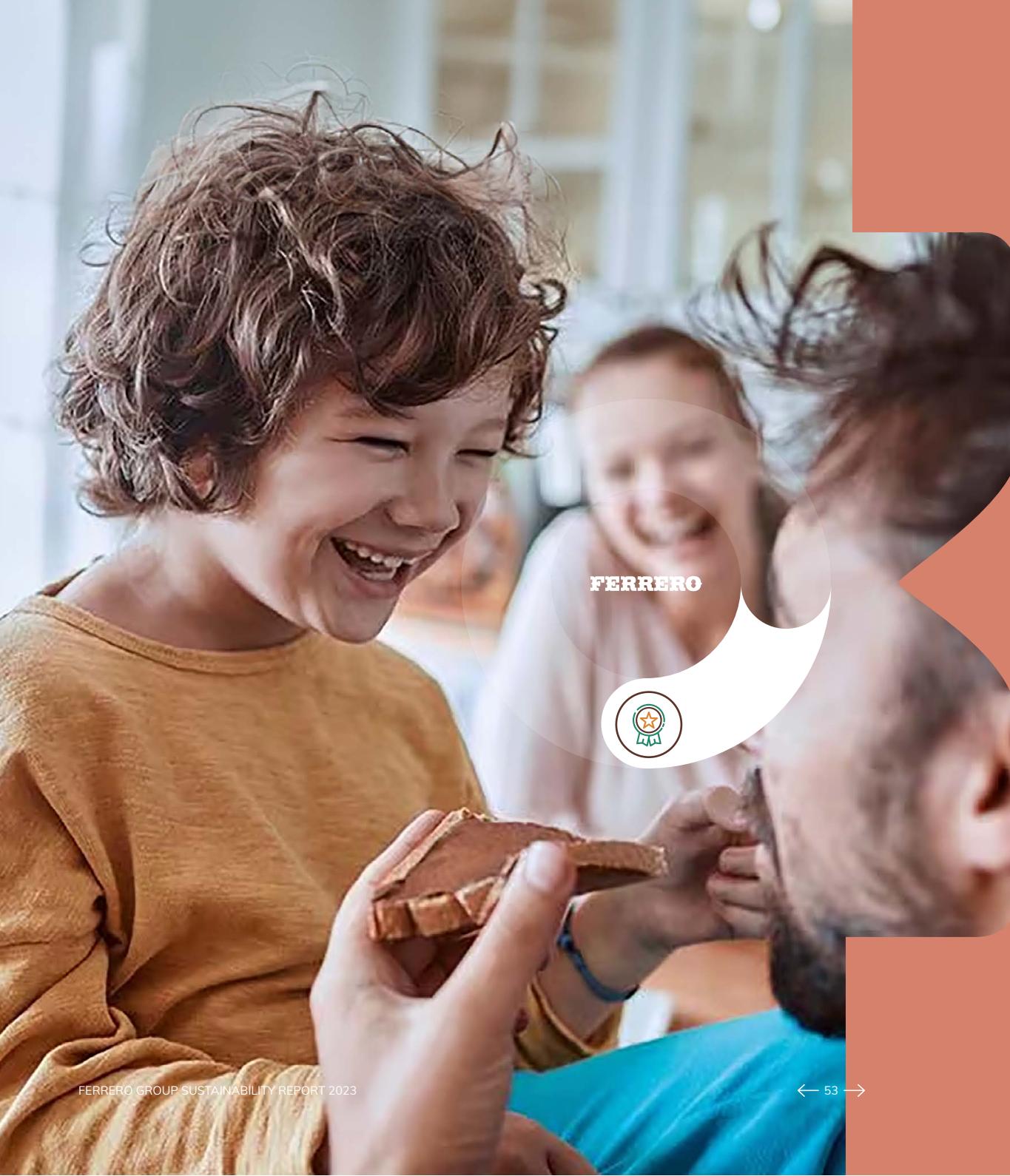
In 2023/24, we aim to:

- Develop a definition of regenerative agriculture that applies seamlessly to our key agricultural commodities
- Define a set of measurable KPIs which allow us to identify gaps and progress in our suppliers' farming practices.

## CONTINUOUS IMPROVEMENT

At Ferrero, we are committed to continuously improving our current approach, policies, processes and systems. In 2023/24 we will diligently continue to master our 4-steps approach and further scale up our activities where we see opportunities:

- We will continue our due diligence of the full portfolio of suppliers, in line with recently approved CS3D but more specifically in line with the stricter German Supply Chain Act (LkSG) regulation.
- We maintain our commitment to full traceability of our core commodities notwithstanding the challenges arising from the acquisition of new companies with different sourcing practices (90%+ traceability commitment).
- We will continue to sustain our levels of verifications and certifications of our core commodities.
- We have plans to further continue our robust partnerships on the ground with the ILO for hazelnuts in Turkey and with Save the Children in West Africa for cocoa, where we are planning a transition to new areas after the successful deployment in Haut-Saussandra.



# Promoting responsible consumption

## Key achievements

- 100% Ferrero legacy plants certified against GFSI recognised Standard
- Zero critical non-conformities detected during FSSC22000 audits
- Offering most of our products in carefully defined serving sizes

## This pillar relates to the following material issues

- Product nutrition and environmental profiles
- Products and ingredients safety
- Responsible marketing and healthy lifestyles
- Corporate advocacy and industry collaboration

## How we align with the SDGs



# Promoting responsible consumption continued

As one of the world's largest sweet-packaged food companies, we consider quality, safety, nutrition and communication to be key areas for our sustainability approach. Food plays a central role in all our lives, and consumers enjoy our products in more than 170 countries. It is our responsibility to ensure these products meet high standards for safety and quality. We must also ensure our marketing communications and product labelling help consumers make appropriate choices about the foods they buy and eat.

## Our approach

All our production sites are subject to internationally recognised quality and safety certifications. Safety-oriented design is particularly important for developing KINDER® Surprise toys, and all must comply fully with international regulations and our own standards. Our approach addresses both diet and lifestyle and is shaped by the latest science on food nutrition. In addition, for marketing communications and labelling, the commitments we make to responsible, open and honest messages comply with leading international standards and are certified by independent organisations.

## POLICIES

### Food Safety & Quality policy

Scan or read more on <https://www.ferrero.com/int/en/people-planet/promote-responsible-consumption/product-quality-and-safety>



# Products and ingredients safety and quality

We firmly believe that food safety and quality constitute a non-negotiable requisite, which protects customers, ensures their loyalty and the sustainable growth of the Ferrero Group. Our objective is to provide safe products and superior experiences every day and everywhere.



**"For generations, Quality has been at the heart of everything we do. The Ferrero Way is a journey that begins with food safety and ends with the daily delivery of outstanding experiences to consumers around the world. We strongly believe that our care for consumers, our passion to create moments of joy for them and our continuous search for excellence, are key drivers of success."**

**Monique Pellegrino**, Chief Food Safety and Quality Officer

## Food safety and quality

### OUR APPROACH

Based on our mission, our Food Safety & Quality objectives form three pillars:

#### 1 MAINTAIN CONSUMERS' TRUST

We ensure consumer trust through product safety. We developed the Food Safety Management System (FSMS) to leverage a preventive approach all along the value chain by:

- Anticipating or predicting emerging and evolving risks.
- Designing new products and equipment through a science-based approach.
- Sourcing raw materials and packaging through strict requirements and a risk-based approach to qualify suppliers and manage sourcing according to material and supplier risk profile. We perform mandatory approval and regular audits of suppliers. In fiscal year 2022/23 we carried out more than 500 audits at raw materials and packaging suppliers.
- Implementing manufacturing standards defined according to the latest science and technologies, and verifying their effectiveness through a series of internal and external audits as described in the food safety and quality management system section.

#### 2 DRIVE CONSUMERS' PREFERENCE

We craft delicious products to offer to our consumers a superior and unique experience, striving for excellence through our passion for quality. During fiscal year 2022/23, we carried out 915,000 store visits worldwide to monitor the quality of our products up to the last mile in stores.

Our quality-tasting panel, involving specialist-trained tasters across the globe, regularly assesses the sensory profile of our products. During fiscal year 2022/23, we carried out more than 100,000 individual tasting sessions in our plants and commercial subsidiaries. In addition, we constantly monitor consumer satisfaction through our Consumer Care system. Consumer experience data and feedback are essential to improving our product quality.

#### 3 ENABLE OPERATIONAL EXCELLENCE

Our obsession with excellence starts by ensuring we can adapt to external challenges, such as pandemics, geopolitical crises and raw materials scarcity due to climate change, to ensure business continuity. This search for excellence also includes many programmes to support operational efficiency. This continuous improvement approach relies on strict management of all lapses we identify in quality. We conduct systematic root-cause analysis, and apply appropriate corrective and preventive actions to avoid recurrence. We also work to increase the efficiency of our traceability system, which allows us to quickly identify and track all materials as they move along the supply chain.

## ENABLERS

- Developing a rigorous Food Safety & Quality Management System (FSQMS) with well-designed processes, governance and documentation. The performance of our FSQMS are monitored through KPIs and supported by integrated IT tools.
- Improving our internal capabilities by increasing skills and expertise across the organisation, and developing technological solutions for data mining and processes digitalisation. In fiscal year 2022/23, 8 training modules were available in the Food Safety & Quality Academy and 103 classroom sessions (in presence and virtual) were globally done across Ferrero Ecosystem; additionally, 896 individual e-learning sessions were completed.
- Building appropriate relationships within the scientific and regulatory ecosystem, to gain access to valuable insights and the latest scientific developments, contribute to shaping regulations, participating in industry-wide improvements in food safety.
- Strengthening our food safety and quality culture by implementing key values such as no compromise on food safety, working with the consumer and customer at heart, and product superiority as a 'motto'.

# Products and ingredients safety and quality continued



## The Food Safety and Quality Management System (FSQMS)

Our FSQMS is implemented and made effective through the contribution of the full Food Safety and Quality (FSQ) team that coordinates the FSQ programmes in collaboration with the most diverse Ferrero functions (industrial, supply chain, commercial) and geographies. The objective is ensuring completeness and coverage of the FSQMS in defining and implementing standards to guarantee product excellence. The FSQMS addresses the following elements:

- Identification of Processes and Resources to deliver the Company's objectives.
  - Definition of expected performances (KPIs and associated targets).
  - Implementation of Corrective and Preventative actions to ensure continuous improvement.
- We evaluate the FSQ standards effectiveness through a structured auditing system along the entire value chain:
- First-party audit (internal audit): conducted by FSQ internal auditors within the whole organisation. Serves as well as a way to engage and share competence across the organisation.
  - First-party audit (corporate audit): is the ultimate level of assurance, performing an internal independent assessment to measure the level of compliance of Ferrero providing noteworthy value in identifying systems areas for improvements.
  - Second-party audit (supplier audit): conducted by FSQ internal auditors to evaluate suppliers FSQM systems and their ability to comply with Ferrero's requirements.
  - Third-party audit (certification audit): conducted by fully independent external certification bodies on more than 20 different protocols over the entire FSQM.

Regarding our FSQ certification programs (GFSI-recognised standards and ISO 9001), in fiscal year 2022/23 we received 47 audits by external certification bodies.

All Ferrero legacy plants are certified to a GFSI-recognised scheme such as the Food Safety System Certification (FSSC), British Retail Consortium (BRC), International Featured Standards (IFS) or Safe Quality Food Institute (SQF).

FSSC22000 is the international GFSI-recognised standard we use to certify our FSQMS. Our goal is to progressively extend this certification to all new acquisitions, to have a harmonised standard of reference.

The outcome of FSSC22000 certification audits in fiscal year 2022/23 was positive, with no critical non-conformity detected. For ISO 9001 certification, five plants were inspected by a third-party and at the Company headquarters in Luxembourg. In addition, all six HCO manufacturing sites were audited: Agrichile (Chile), Duzce, Entegre, Izmit and Keles (Turkey) and Korvella (Italy). Overall, the external audit results were positive, with no major non-conformities.

# Products and ingredients safety and quality continued

## Quality and safety of our KINDER® Surprise toys

Safety is a key pillar in the design process of our KINDER® Surprise toys. The Ferrero Toys Testing Protocol states that KINDER® Surprise toys must comply fully with international toy regulations, standards and with internal requirements.

### INTERNATIONAL STANDARDS AND REGULATIONS

We apply the following international regulations:

- European directive on toy safety 2009/48/CE.
- European toy-safety standards on mechanical, flammability and chemical requirements (EN71).
- International toy-safety standard ISO 8124.
- National toy regulations and standards of all the countries where we sell KINDER® Surprise toys.
- Other regulations, such as REACH regulations, related to chemicals registration, evaluation, authorisation and restriction.

### FERRERO INTERNAL REQUIREMENTS

Within the Ferrero Toys Testing Protocol, we carry out voluntary tests over and above those required by international regulations. We enforce strict guidelines for the dimensions and shape of any KINDER® Surprise toy and its individual parts, avoid all batteries and magnets, and carefully select quality materials to avoid breakages.

At the different stages of design development, we carry out:

- Safety assessment of every KINDER® Surprise toy, using accredited external laboratories.
- Medical checks, with a specialist team analysing and evaluating all KINDER® Surprise toys, based on accepted medical criteria.
- Age-grading evaluation through an independent third-party evaluating all KINDER® Surprise toys according to internationally recognised age-grading guidelines to confirm they are suitable for, and appeal only to, children above three years old.
- Toy-certification tests through independent, accredited laboratories world leaders in safety research, testing and certification.

We implemented a rigorous code of conduct for all our suppliers to ensure they comply with our requirements on working conditions. Manufacturers of KINDER® Surprise toys undergo a strict audit, performed according to the four pillars of the SMETA methodology – labour rights, health and safety, environment, and business ethics – and undergo inspections from two certified and globally recognised third-party bodies – Bureau Veritas and Intertek – to ensure they comply with our ethical requirements.

### CASE STUDY

#### The Applaydu app

We designed Applaydu, working with Gameloft and Oxford University, to develop a fun and engaging digital gaming experience, while ensuring it was accurately crafted to support a child's development. The Applaydu app is COPPA 2.0 certified (children's online privacy) and received the highest score on the Educational App Store. It's tested carefully with children and parents, integrating their feedback before any major release. The app complies with the EU Pledge (regarding advertising to children), and it does not contain KINDER® branding or products, ads, marketing messages, or in-app purchase features. Also, it reassures parents about the way kids spend their time on digital devices, both in the length of time and the quality of the content.

### CASE STUDY



#### The value of play

For almost 50 years, we've been designing buildable KINDER® Surprise toys to promote children's joyful growth through shared family-play moments. To support these moments, we develop themes such as buildable animal toys of our Natoons collection, designed to spark children's imagination and support storytelling and discovery while playing. All KINDER® Surprise toys come to life in augmented reality on the Applaydu app, to offer a new 'phygital' playing experience, shared within the family, where kids can learn about animals and the unique beauty of nature.

# Nutrition and lifestyles

We believe all foods can be eaten in moderation, as part of a balanced and varied diet, combined with a physically active lifestyle. We are always looking at how to improve our recipes, keeping quality, taste and consumers' expectations as central pillars of our products.

## Our approach

We produce and market some of the world's best-loved confectionery products and believe all foods can be enjoyed as part of a varied and balanced diet, combined with a physically active lifestyle. We also support the growing evidence that the health effects of dietary habits are derived from all food components and their interactions, and not from a single nutrient or food type. One of our main goals is to respect consumers' choices, by providing clear information to help them make responsible consumption choices. In line with scientific evidence, our strategy is based on the following key principles:

- Offering most of our products in carefully defined serving sizes, which allows consumers to manage their daily energy needs within their overall diet.
- Carefully selecting high-quality raw materials that provide essential energy and the right level of micronutrients. We preserve the quantities and proportions of these ingredients' natural components through strategic industrial processes that maintain their physical characteristics.
- Promoting ingredients, foods and structured eating occasions that can be integrated into food-education programmes for consumers and validated by the medical-scientific community.
- Educating on the importance and benefits of an active lifestyle.

We continue to expand and refine our analysis of the nutritional impact of our products<sup>1</sup>. In fiscal year 2022/23, our analyses included the products of our acquisitions (Thorntons, Fannie May, FMC (former Nestlé US confectionery business)). We are aligning this, step by step, within the pillars of our historical range of products. We assessed 214 product data records<sup>2</sup> (PDRs) covering around 88%<sup>3</sup> of our marketed volumes.



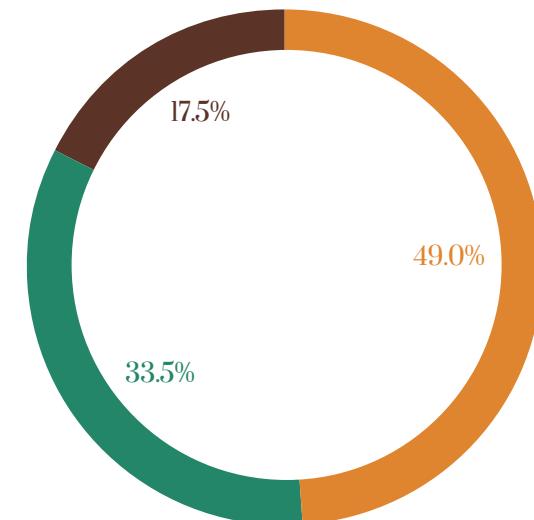
Breakfast and 'between-meals eating episodes' (BMEE) are confirmed to be the most common eating occasions for our main products, covering around 82% of our volumes. These eating habits for our products are in line with the rest of the sweet-packaged food sector. We contribute to promoting the importance of having breakfast regularly, and encourage moderate food consumption among all age groups, especially young people.

1 The nutritional analysis was carried out taking into consideration the EU Regulation, while for the recent acquisitions (Fannie May and Nestlé US) we followed US legislation.

2 Product Data Records (PDRs): are aggregated products with similar nutritional characteristics (delta Energy <5% on average value among 'flavours'/'version' of the same product).

3 Exclusion criteria concern mixes (seasonal and stable products for which market values do not refer to a specific product), mini versions (when a codified portion is not reported) and some seasonal products (marketed for specific occasions, sharing or festive moments, without a codified portion).

DISTRIBUTION OF THE PDRs ACCORDING TO THE TARGET EATING OCCASIONS, ON MARKETED VOLUMES\*



● BMEE

● Breakfast

● Occasional

\* Volumes of PDRs marketed worldwide in FY 2022/23. There is no value related to the 'dessert' category recorded in fiscal year 2022/23. Source: Ferrero Group internal.

# Nutrition and lifestyles continued

## Great brands in small servings

We offer most of our products as single wrapped servings. This lets people enjoy them within a varied diet, in serving sizes of a reasonable calorie amount. As with our nutritional principles, in fiscal year 2022/23, around 86% of our marketed volumes have a serving size containing 130 kcal or less, around 66% were marketed in a serving size of 100 kcal or less, and around 91% is below 150 kcal per serving.

We are working to apply the common standards of our historical Ferrero products to the newly acquired commercial brands and entities. Our focus on consumers means that we take a step-by-step approach to changing the standards of new brands, in order to let those consumers adapt gradually to our nutritional principles.

We have scientific data on the glycemic index (GI) of around 76% of the marketed volumes eligible for our Sustainability Report. The GI is a relative ranking of carbohydrates in foods according to how they affect blood glucose levels. Carbohydrates with a low GI value (55 or less) are more slowly digested, absorbed and metabolised. They cause a lower and slower rise in blood glucose (and, therefore, usually insulin levels), and there is a general scientific consensus supporting the positive effects of a low-GI diet<sup>4</sup>. Due to their composition and structure, most of our analysed product data records<sup>5</sup> (PDRs) have a low (55 or less) or medium (56–69) GI: around 89% are rated low GI, around 5% medium, and only 6% high GI (70 and above). We determine the GI of new products when they are launched.

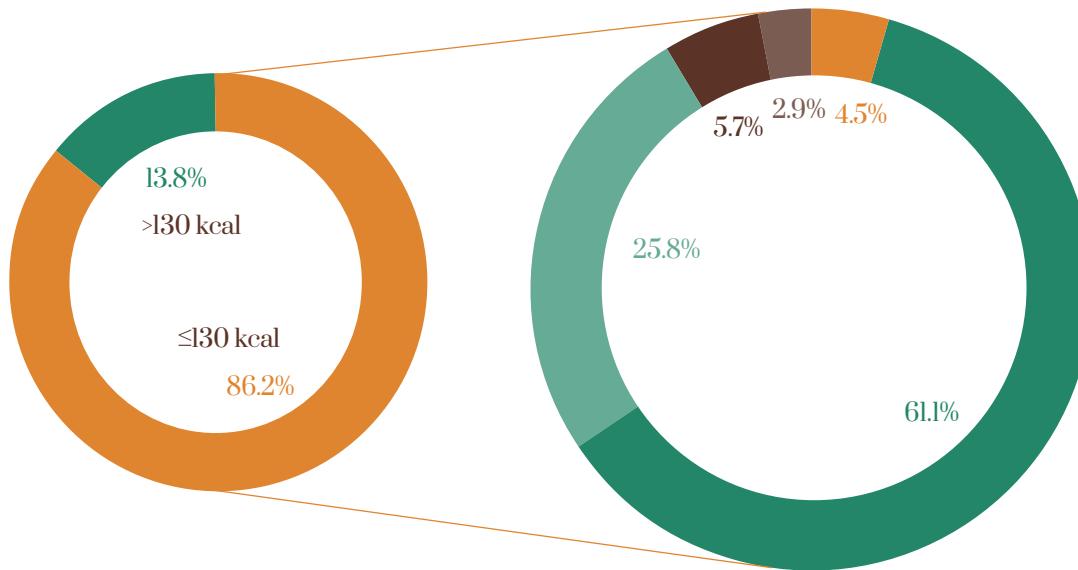


<sup>4</sup> Glycemic index, glycemic load and glycemic response: An International Scientific Consensus Summit from the International Carbohydrate Quality Consortium (ICQCO) – ScienceDirect.

<sup>5</sup> Product data records: aggregated products with similar nutritional characteristics (delta Energy <5% on average value among 'flavours'/version' of the same product).

<sup>6</sup> Volumes of PDRs marketed worldwide in FY 2022/23. Ferrero Group internal source.

REPARTITION OF THE PDRS ACCORDING TO THE ENERGY DELIVERED BY PORTION, ON MARKETED VOLUMES\*



● ≤10 kcal ● >10 n≤100 kcal ● >100 n≤150 kcal ● >150 n≤200kcal ● >200 kcal

\*The total may not be exactly 100% due to rounding.

Distribution of PDRs according to the energy consumed by portion, on marketed volumes<sup>6</sup>.

Calories	FY 2020/21	FY 2021/22	FY 2022/23
≤ 10 kcal	4.3%	4.5%	4.5%
> 10 – ≤ 100 kcal	59.5%	60.7%	61.1%
> 100 – ≤ 150 kcal	28.7%	26.0%	25.8%
> 150 – ≤ 200 kcal	6.0%	5.5%	5.7%
> 200 kcal	1.5%	3.4%	2.9%
≤ 130 kcal	86.1%	86.2%	86.2%

# Nutrition and lifestyles continued

## Our performance

Controlling the serving size of our products is a good way to limit the intake of typical nutrients in confectionery, such as sugar and fats. Our PDRs have an average content of 10.3 g of total sugars per serving, 6.0 g and 3.4 g per serving of total fat and saturated fatty acids respectively, and 26 mg of sodium per serving.

### INDUSTRIAL TRANS FATTY ACIDS (iTFA):

Since 2006, we stopped using partially hydrogenated fats in Ferrero brand and Kinder products. In May 2019, Ferrero signed the International Food & Beverage Alliance (IFBA) Global iTFAs Commitment to limit the amount of iTFAs in all products, to not exceed 2 g of iTFAs per 100 g fat/oil. This is fully in line with WHO recommendation to limit industrial trans fats at global level<sup>7</sup>. Learn more here [Reducing saturated fats & eliminating trans fats](#).

### SODIUM REDUCTION:

In December 2021, Ferrero signed the Global Sodium Reduction Commitment, which sets voluntarily minimum targets for IFBA companies to meet by 2025 and 2030. We have signed for two categories: morning goods and sweet biscuits. Learn more here [IFBA Global Sodium Reduction Commitment](#).

The combined volume of food categories that is included in our commitment represents the 100% of our sodium-relevant foods portfolio. In the table below is depicted the % of compliance with the IFBA Global Sodium Reduction Commitment for fiscal years 2021/22 and 2022/23.

## Food education approach

Our science-led approach to food education is an efficient and effective way to promote informed and safe nutrition and healthy dietary choices. Our research and education programmes are constantly expanding to include new ways of improving food and nutrition knowledge within the Company. We work with recognised experts in different scientific fields to spread information among our employees (for example, during the Wellbeing Month initiative, we offer lectures on nutrition). We also keep up to date with the latest science-based data on the impact of ingredients and our products on human and planetary health. As a result, we have a strong scientific programme on allergen-related research, intending to ensure nutritional quality and accurate and useful information for consumers. In addition, we are improving our definition of the nutritional quality of raw materials and their processing, and increasing our knowledge and control through innovative food-quality markers, such as oxidised sterols. A growing body of scientific evidence supports the use of this class of oxidised compounds for assessing the quality of animal-based ingredients in manufacturing, the shelf-life of finished products, as well as in helping evaluate the quality of plant-based foods or ingredients. We have provided our original findings to the scientific community, to help improve quality for the whole food system.

In fiscal year 2022/23, we carried out and supported scientific research with internationally recognised scientific institutes. We select and work with university research groups and well-known international experts, recognising their expertise and the importance of guaranteeing impartiality, independence and intellectual freedom. These collaborations aim to create solid scientific evidence to be disseminated through conferences, congresses and workshops, and published in scientific journals. We have published an official list of research results on our [global website](#), showing the scientific work we have undertaken in the last year.

<sup>7</sup> [WHO welcomes industry action to align with global trans fat elimination targets](#).

IFBA Category	2025 Target	% Compliance with 2025 Target of 90%	2030 Target	% Compliance with 2030 Target of 75%
Yeast Raised Desserts and Morning Goods	350 mg / 100 g	100%*	300 mg / 100 g	100%*
Powder Raised Desserts and Morning Goods	350 mg / 100 g	100%*	300 mg / 100 g	100%*
Sweet Biscuits	450 mg / 100 g	100%*	380 mg / 100 g	100%*

\*Data based on Ferrero Sustainability Report of 2021/22 and 2022/23

## CASE STUDY

### Sustainable nutrition

Our daily nutritional choices play a pivotal role in our overall health and longevity. The current methods of food production and consumption exert significant pressure on our environment and resources. Nutrition, therefore, emerges as a key factor in enhancing both human health and environmental sustainability. It is imperative to advocate for dietary habits that are not only beneficial for our health but also minimise environmental degradation.

With this aim, in 2020, Nutella established the Sustainable Nutrition Scientific Board (SNSB), a group of renowned international experts brought together to independently investigate the connection between environment, food production and nutrition.

We aim to generate a positive impact by investing in scientific research that will benefit consumers, society and Ferrero. Our research initially focused on vegetable oils, to understand how to meet future global demand while upholding human rights and sustainable development goals (SDGs). In 2022, a [pilot research](#) project conducted with data from over 25,000 villages in Sumatra, Indonesia, unveils insights into the complexity of palm oil production and its relevance for future needs.

Given our global presence and broad portfolio, we seek to address such global challenges with the same scientific approach to our products, by considering environmental and nutritional credentials. Since 2021, we began to make environmental and nutritional factors integral to the development and reformulation of products. In 2022, we developed a new tool we call Indiana Jones, to guide the selection of new ingredients and evaluation of new processes and recipes, and have used it during the year, with a special focus on environmental aspects.

# Responsible communications, marketing and labelling

At Ferrero, we are committed to provide responsible messages that help consumers make appropriate choices about what they eat and drink. We believe that correct communications and labelling help them understand the role of nutrition, diet and movement in achieving a healthy and active lifestyle.

## Responsible marketing

Responsible marketing can be a powerful force for behavioural change. As a leading producer of sweet-packaged foods, we must ensure our communications are consistent with the principles described above, helping consumers make informed decisions on product consumption. We embrace strict advertising and marketing principles that guide our product claims and often go beyond legal requirements by adopting industry nutrition labelling and advertising standards to improve our positive social impact. In Europe, legal standards include the Unfair Commercial Practice Directive and the Misleading and Comparative Advertising Directive<sup>8</sup>. These work alongside global, regional and local industry self-regulatory codes. We also subscribe to industry codes of conduct on responsible marketing to children, such as the International Food and Beverage Alliance (IFBA) [Global Responsible Marketing Policy](#) and the [EU Pledge](#).

We apply our Responsible Marketing Framework, an internal document containing guidance for our marketing teams to ensure we develop all our marketing initiatives in a responsible way. Accordingly, through our marketing communications, we are committed to truthful, fair and evidence-based advertising; to not market our products primarily to children because they cannot make the right choices for themselves yet; to encourage responsible consumption; to authentically portray a diverse world where people feel included; to treat people's data and privacy with the highest respect and in strict compliance with applicable regulations; to being sensitive to cultural and social circumstances. We also provide in-person and online training on responsible marketing as part of our Marketing Academy.

## Our approach

### VOLUNTARY SELF-REGULATION

We believe effective self-regulation serves the interests of consumers by providing truthful and accurate communications. In addition to local standards or regulations, we apply the 'Framework for responsible food and beverage communications' in all our marketing communications, adopted by the International Chamber of Commerce, the world's foremost business organisation for promoting responsible marketing and advertising communications.

We also apply the Global Responsible Marketing Policy set out by IFBA, of which we are a founding member. This policy, first developed in 2008 in response to the WHO's call to action in the 2004 [Global Strategy on Diet, Physical Activity and Health](#), provides a common standard for advertising and marketing communications directed to children under 13 years. It aims to reduce the exposure of children to foods and beverages high in fats, sugars and salt. We participate in the external monitoring of our voluntary commitments to assess compliance levels with national, regional or global industry commitments.

### RESPONSIBLE MARKETING TO CHILDREN

We believe in the crucial role played by parents in educating their children to follow a balanced diet and a healthy and active lifestyle. All of our advertising and marketing communications are directed, in content and media, only to adults who make purchasing decisions and to young people 13 years and older, unless relevant local standards or regulations require a higher age. We work to ensure we achieve the highest possible level of compliance, and provide internal guidance and training tailored to the specific needs of different markets and regions. We have an e-learning module on responsible marketing to children, which is part of the Ferrero University and includes real case studies and a test for putting our principles and commitments into practice. We frequently update the Ferrero Advertising and Marketing Principles, available on our corporate websites, to stay aligned with the latest developments in self-regulatory frameworks.

### Our performance in the year

Our compliance with the EU Pledge is monitored annually and independently by Ebiquity for television advertising<sup>9</sup> and by the European Advertising Standards Alliance (EASA) for online advertising (company-owned websites, company-managed social media and company recognised influencers)<sup>10</sup>. In 2023, our overall compliance rate was 98.59% for television advertising and 100% for online advertising.

<sup>8</sup> Both Directives have been transposed into different national laws which are applied alongside national advertising codes as well as consumers' codes.

<sup>9</sup> In Q1 2023 Ebiquity monitored TV advertising broadcast in France, Germany, Italy, Netherlands, Romania and Spain.

<sup>10</sup> In 2023, EASA monitored company-owned websites, company-managed social media and company recognised influencers through evaluations carried out by the national advertising self-regulatory organisations in France, Germany, Italy, Netherlands, Poland and Spain.

## CASE STUDY

### Supporting healthy lifestyles

In France, we have been providing financial support for over 15 years to the FLVS association (Fédérons Les Villes pour la Santé), recognised as a public utility since 1991, which pilots, develops and coordinates the VIF (Vivons en Forme) programme. The mission of the VIF programme is to encourage the adoption of health-promoting behaviours from an early age, through the mobilisation of local players. It aims to promote the benefits of physical activity, nutrition and personal wellbeing (sleep, hydration, screen time, emotion management, etc.) among children and adults and seniors alike.

In 2020, two studies published in BMC public health and the pediatric obesity journal demonstrated the programme's effectiveness, with, among other things, a significant reduction in the prevalence of overweight and obesity among kindergarten and primary school children in six towns that had benefited from the VIF® programme.

### Open and honest labelling

We provide accurate nutrition information on the front and back of our packs, complying with relevant legislation in different countries and our voluntary commitments.

Globally, we meet the IFBA Principles for a 'Global Approach to Fact-based Nutrition Information' on eligible products. Its general principles are that nutrition information should be:

- Objective, based on facts and science.
- Presented in a legible, clear and visible format.
- Understandable to consumers, so they can make informed dietary decisions about the food and drinks they choose.

In Europe, we voluntarily provide nutrition information on the front of pack of all our eligible products in the EU – Kinder and Nutella ranges, Ferrero snacks, bars and ice creams – in line with regulations and the labelling recommendations of FoodDrinkEurope (FDE), while in the US we voluntarily follow the guidelines of National Confectioners Association (NCA) and Consumer Brands Association.

# Our priorities going forward

## NUTRITION AND LIFESTYLES

We are always looking at how to improve our recipes, keeping quality, taste and consumer expectations as central pillars of our products and continue to respect consumers' choices, by providing clear information to help them make responsible consumption choices.

## PRODUCTS' AND INGREDIENTS' SAFETY AND QUALITY

- Continue expanding our Food Safety and Quality Management System (FSQMS).
- Continue building our relationships within the scientific and regulatory ecosystem.
- Strengthen the food safety and quality culture across the Company through a structured plan to share and implement our core values.
- Develop technological solutions for data mining and processes digitalisation.
- Continue building capability by enlarging the food safety expertise with recognised scientists in the field.





# Empowering people

## Key achievements

- 32,000 employees from 57 countries engaged in the You Survey
- Global Parental Policy implementation
- 128 Ferrero mentors certified

## This pillar relates to the following material issues

- Diversity, equity and inclusion
- Occupational health, safety and wellbeing
- Human rights in the supply chain
- Employee satisfaction and development
- Corporate advocacy and industry collaboration
- Employment and labour relations
- Farmer livelihoods and community development

## How we align with the SDGs



# Empowering people continued

At Ferrero, we work to build a culture of trust, respect, diversity and opportunity for all. We care about our people, and we believe it is essential to create an inclusive company culture that uses the full range of its talents to respond to our business priorities.

## Our approach

We encourage everyone to grow and thrive. Our focus on people extends across the whole value chain, ensuring we uphold high standards of safety, and of human and labour rights, both in our operations and global supply chain. We apply a due diligence-based approach that ensures our employees, suppliers and collaborators adhere to the standards set out in the Ferrero Code of Ethics, Code of Business Conduct, Supplier Code and Human Rights Policy Statement.

For Ferrero, it is essential to build a fair and inclusive workplace that upholds good working conditions, wellbeing and labour rights, one where all employees feel welcome and have opportunities to fulfil their potential.

## POLICIES

### Ferrero Code of Business Conduct

Scan or read more on <https://www.ferrero.com/int/en/about-us/policies-positions>



### Human Rights Policy Statement

Scan or read more on <https://www.ferrero.com/int/en/about-us/policies-positions>



### Ferrero Code of Ethics

Scan or read more on <https://www.ferrero.com/int/en/about-us/policies-positions>



# Engaging our people

At Ferrero, we work continually to create an inclusive culture where colleagues can contribute to the success of our Company. In the fiscal year 2022/23, we continued to develop initiatives focused on engaging employees at Ferrero.

## MENTORING PROGRAM

128 >190

Ferrero mentors certified

recipients involved

74 190

workshops run

learning hours

## KNOW-HOW ACADEMY

143 28

sessions delivered to 1,467 people in FY 2022/23, compared to 41 sessions for 476 people in FY 2021/22

28 accredited trainers in FY 2022/23 compared to six in FY 2021/22



## Developing our people

We believe in continuous learning, so we work to keep providing training, programmes and tools in line with our people and business needs. Key highlights of the period include:

### FERRERO UNIVERSITY

To foster employee development, the Ferrero University continues to provide learning and development programmes and activities tailored to our employees and business and strategic plans of the organisation, both at global and local level. The employees can see the options of content offered by level and learning type.

### MENTORING

In fiscal year 2022/23, we continued to make the most of mentoring. Our Mentoring certification programme includes learning about goals and benefits, best practices for conducting mentorships and key skills for success. We certified internally more than 120 mentors, and more than 190 people being mentored were involved in this process.

### MASTER IN INTERNATIONAL MANAGEMENT

In June 2023, we graduated the 4th edition of Master in International Management (MIM), an 18-month programme for our next generation of global leaders, which was designed and run by SDA Bocconi University. In this edition, we added an online module on sustainability, where the participants had the chance to take part in webinars related to the topic. Through this course, 37 Ferrero managers were prepared for large international assignments and projects, and addressing future trends and challenges.

## KNOW-HOW ACADEMY

Among the initiatives run by Know-How Academies in fiscal year 2022/23, the Operations training days are worthy of special mention. The global initiative ensured that during fiscal year 2022/23, every available training element of the Industrial and Supply Chain Academy ran at least one session in each plant or region, boosting attendance at training.

## PERFORMANCE EVALUATION

Our performance evaluation is based on employee achievement and behaviour across three dimensions: individual performance, contribution to the team, and contribution to the multi-functional team. We have a continuous feedback process, which enables our managers and employees to request feedback from peers and internal clients, encouraging openness and growth. They can use it not only during the performance evaluation process, but all year long.

In fiscal year 2022/23, 15,117 employees, from 61 countries (73% employees, 19% middle managers, and 8% senior managers and above) were involved in performance evaluation, of which 41% were women and 59% were men.

## Engaging our people

### YOU SURVEY

In October 2022, we launched the fourth edition of our employee-engagement survey, YOU Survey. Available to all permanent employees, over 32,000 in 57 countries provided their feedback, representing a response rate of 81%. The results have informed a new cycle of Your Life in Ferrero Action Plan, the process that develops and launches initiatives aimed at improving the experience of Ferrero employees.

### DIGITAL WORKPLACE

We continue to encourage open and consistent communication. Forward is the name of our digital platform. It provides a place for Company news, tools and applications, for everyone to access on any device, anytime, anywhere. It becomes increasingly inclusive as our Company grows. In fiscal year 2022/23, we continued to develop the platform, focusing on the roll-out to production workers, and it is now available to all permanent workers at Ferrero.

# Diversity, Equity & Inclusion

Ferrero is committed to building a diverse, equitable and inclusive culture where all employees feel welcomed, appreciated and have opportunities to fulfil their potential.



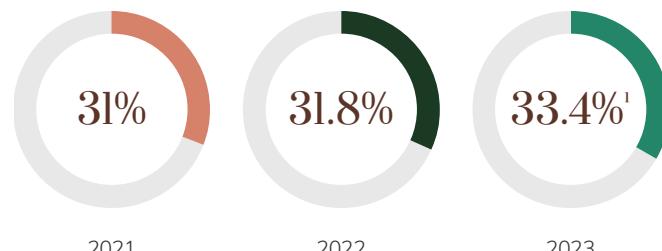
Our Diversity, Equity & Inclusion (DE&I) agenda focuses on five dimensions that support our global strategy: gender, nationalities, generations, working culture and people with disabilities. For each dimension, we have set an overarching goal for 2030, and metrics to allow us to track our progress.

## Gender

### INCREASE REPRESENTATION OF WOMEN IN DECISION-MAKING ROLES

In 2021/2022, we piloted an acceleration program in the Finance function to help pursue our goal of increasing the representation of women in managerial roles. Building on the success of this pilot, the program has been refined and is now being extended to other functions starting with IT and marketing in the next fiscal year. The two-year program is built around each participant's Individual Development Plan (IDP) which identifies the experiences and skills needed to prepare for the target roles. There is a focus on personal development through workshops with external partners on leadership and motivation, the participants are supported by a Ferrero mentor and are given the opportunity to interact with role models to learn from their experiences.

### WOMEN IN DECISION-MAKING ROLES



<sup>1</sup> Data as of August 2023, excluding suspended employees.

## CASE STUDY



## FOCUS ON: OUR PARENTAL POLICY



We continue to work towards better gender balance in our workforce. Our Global Parental Policy, launched in January 2022, is now in place at all Ferrero locations. It offers paid leave and other benefits to new parents and caregivers, regardless of gender. We have defined a global minimum duration for parental leave for all employees: 16 weeks for primary caregivers and four for accompanying caregivers. The policy also covers other aspects, including employment protection and non-discrimination in relation to parental leave, health protection, individual support for returning to work, flexible working arrangements, and support for nursing mothers.

## DEI in the Ferrero headquarters

In May 2023, the Ferrero Headquarters became a signatory of the Diversity Charter Lëtzebuerg. The Charter is a national engagement for organisations in Luxembourg that wish to commit to diversity promotion and management through concrete acts that go beyond legal obligations. Signing the charter reaffirms our commitment to diversity, equity and inclusion. The Headquarters went on to receive an award in the Diversity Awards Lëtzebuerg 2023. Ferrero was recognised in the category of Recruitment, Welcome and Integration for the Inclusion and Respect training designed in collaboration with our legal partner Allen & Overy. The course aims to raise awareness of how we can all support and maintain an inclusive work environment. The award comes as we plan the global roll-out of the course, and reinforces our conviction that engaging our colleagues in discussion and learning about building an inclusive and respectful culture is an essential part of our DEI work.

## FOCUS ON: PROMOTING DEI WITH LINE MANAGERS

Elsewhere we have focused on bringing the attention of line managers to their role in contributing to the Group's DEI efforts. For FY 22/23, we added a D&I KPI to the variable pay model with aspirational goals for the representation of women among the senior management of each function. This helped raise awareness about the lower representation of women in senior roles and how line managers can promote an inclusive culture where we provide opportunities regardless of gender and ensure fairness and equity.

# Diversity, Equity & Inclusion continued

## Nationalities

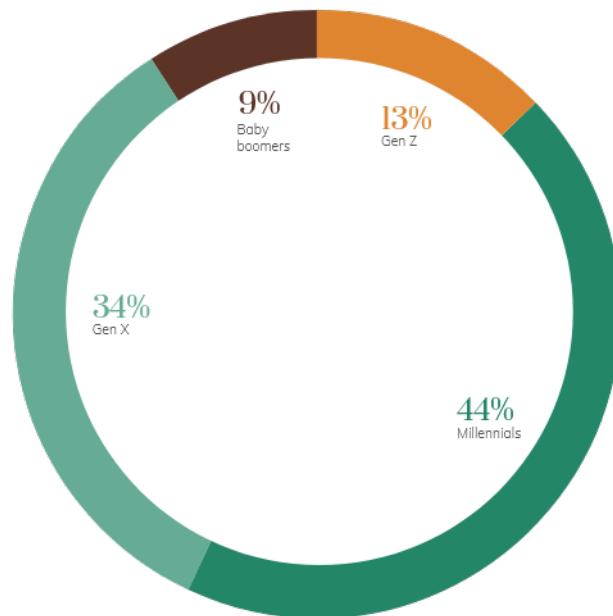
### MAKE LEADERSHIP IN THE HEADQUARTERS REPRESENTATIVE OF OUR GLOBAL PRESENCE

Ferrero is proud to count **145 nationalities** among its global workforce, with 60 nationalities represented in the Luxembourg Headquarters.

## Generations

### INCREASE LEVELS OF INCLUSION FOR DIFFERENT GENERATIONS AT FERRERO

We have four generations of employees working side by side. In 2022, 62% of YOU Survey respondents agreed that people at Ferrero are treated fairly regardless of their age.



We have focused on welcoming a new generation of employees to their professional lives through our JOIN! Program. Run by the Ferrero University, it offers recent graduates the opportunity to gain a deep experience of our corporate culture and values. Ferrero is also proud to continue its support for the [Nudge Global Impact Challenge](#)<sup>2</sup>, giving young professionals the opportunity to join this development programme that focuses on leadership, sustainability and impact on leadership, sustainability and impact.

2 Data, August 2023, excluding suspended employees. Source D&I Dashboard 29-NOV-2023.

## Working culture

### EMBRACE DIFFERENT WORKPLACE CULTURE AND RETAIN DIVERSE TALENTS

In May and June 2023, we organised a global DEI Month with 12 events online, open to all connected employees. We ran sessions with our partners covering cross-cultural communication (Country Navigator), increasing gender equity (Catalyst), disability inclusion (Business Disability Forum) and inter-generation collaboration (Nudge Global Impact Challenge).

Our audience was also invited to discover specific local DEI initiatives in North America, South America and the Gulf countries. Various locations also organised in-person activities to promote inclusion and understanding.

## Persons with disabilities

### REMOVE BARRIERS TO CREATING A DISABILITY-INCLUSIVE ENVIRONMENT

For the inclusion of people with disabilities, most initiatives are run locally, in line with local needs and legislation. In fiscal year 2022/2023:

- In India, we assessed the accessibility of the offices in Pune and the plant in Baramati, and have made plans to improve it accordingly.
- In Brazil, we are offering sign-language training to managers and employees collaborating with people who are deaf or have hearing loss.
- In France, we continued to build awareness of the professional integration of people with disabilities through regular communication, and events and activities during the European Week for the Employment of People with Disabilities.

## CASE STUDY

### Nudge Global Impact Challenge

Our 10 participants in the Nudge Global Impact Challenge attended a 3-day learning experience in Amsterdam, where they met with other Nudge participants. During these days, the participants took part in learning sessions on system thinking, collective leadership and design thinking, as well as their personal coaching session.



# Employment and labour relations

The Labour Relations Centre of Expertise, launched in 2021, has been working to keep improving the relations between workers, unions, and management.

With the aim of guaranteeing compliance, auditing is an important part of our work and we continued our activities to implement a common principle for audits in line with our values and the Sedex Members Ethical Trade Audit (SMETA) ethical-audit methodology.

Despite the impact of inflation, we have been able to conduct and complete several collective agreements with employee representatives around the world.

This year, we continue rolling out our annual ethical-audit programme. Launched in 2019, its objective is to monitor our manufacturing sites regarding labour conditions, health, safety, environment and business ethics. We've carried out audits at all our factories, including Ferrero Hazelnut Company (HCo), based on the four pillars of the SMETA 6.1 methodology. We are gradually extending it to other Company areas and factories.

In 2021, we joined the Consumer Goods Forum's Human Rights Coalition, to share best practices in deploying effective human-rights due-diligence systems. Aligning with the Coalition's commitments, we have evolved our current SMETA programme by strengthening the forced-labour due-diligence component and using the best practices and tools suggested by the Coalition. For example, we carried out awareness sessions on related human rights topics at different sites. Our goal is to roll out this enhanced ethical-audit programme by 2025, and to continuously evaluate and improve the assessment process.

## THE ACTIVITIES OF THE EUROPEAN WORKS COUNCIL

During 2023, the European Works Council followed the same pandemic emergency set-up as in 2022, continuing to develop industrial relations and maintaining collaboration using the agreed remote-working methods. It continued with virtual meetings, including a joint training session in May on 'Jobs of the future: which recovery and restart for Europe?'. Participants were able to compare the economic and social situations in each country involved, and with the support of experts, dealt with topics such as future trends and

challenges through to 2035, active ageing, inclusion and social protection, development of new skills and digitalisation on the labour market.

At the end of fiscal year 2022/23, the European Works Council included overseeing around 20,000 colleagues, including employees of the commercial network and the ten plants in Italy, Germany, Belgium, France, Poland, Ireland and the UK.



# Health, safety and wellbeing

We go beyond our commitment to keep all our employees and associates safe and free from harm, by creating and promoting conditions that aim to improve their long-term health and wellbeing. Accountability for the health, safety and wellbeing of our employees and partners ultimately lies with the relevant line manager, supported and advised by our Health and Safety (H&S) function.

We have designed a managerial report for our local H&S managers to send to our site plant managers. The global H&S function provides strategic direction and leads the development of Group-wide initiatives, tools and programmes, and defines the minimum H&S requirements for all Ferrero sites. Our Regional H&S teams are assigned to coordinate, oversee, support and advise on H&S matters in the countries where we operate, and to ensure local implementation of H&S procedures and programmes in full compliance with local regulatory requirements and Ferrero Group requirements.

Our Supplier Code also sets out clear expectations for health and safety: all third-parties must comply with the same rules and regulations as Ferrero employees when working on Ferrero premises.



## Strengthening H&S operational management

In fiscal year 2022/23, we continued to consolidate the H&S function by appointing a new Group H&S manager to support the APAC-MEA and international areas, based in our HQ in Luxembourg, and welcomed new H&S managers in Bulgaria, Serbia, Belgium, Spain, Italy and the USA to support our growing local organisations.

The integration of newly acquired sites into the Ferrero network in Spain, Italy and the USA continued to be a strong focus in 2022/23. We conducted baseline compliance assessments to understand possible H&S gaps, identify and prioritise needs, and build a multi-year plan to align all sites with our standards and expectations.

### FOCUS ON: OUR HEALTH AND SAFETY POLICY

Based on the Code of Ethics and the Company's values, we released a Group Health and Safety Policy in May 2023, defining Ferrero's Group Health and Safety vision and outlining 12 management principles to guide the implementation of a Group-wide H&S management system.

### CASE STUDY

#### Ensuring health and safety is always front of mind

We have developed H&S training for line managers in Operations to foster a strong collaboration between them and our H&S professionals, helping the evolution of a sustainable safety culture at all Ferrero plants. The training clarified roles and responsibilities for H&S and introduced safety tools and routines to help line managers become advocates for health and safety, and manage H&S matters effectively. In November 2022, we ran the first training sessions – for the Board of Directors of Industrial and Supply in Luxembourg. Then in April 2023, to all the plant and regional supply chain managers in Italy. The roll-out of the training at plant level will continue in the coming years.

Working with the Ferrero Operational Excellence (FOX) organisation, and our quality and environmental departments, the H&S function continued to coach and support local Operations teams in conducting high-quality incident investigations, applying the effective problem-solving methods the teams were trained in over the past years.

The aim is to understand the real root causes of incidents and to prevent their recurrence.

We continued to evolve the Ferrero Operational Requirements (FOR) programme by revising existing, and releasing additional, H&S group procedures to prevent injuries, ill health or harm to employees, partners, suppliers, contractors or other visitors and neighbours. Additional group documents released in fiscal year 2022/23 included a procedure on Construction Safety, as well as three procedures relating to the management of H&S risks in agricultural Operations of the Hazelnut Company (natural or external risks, manual handling, and safe handling of agricultural chemicals). We revised the Group procedure for the H&S Permit to Work system in fiscal year 2022/23, to further clarify roles and responsibilities. The FOR programme also includes best practice guides, tools and templates to support local implementation of H&S measures and precautions.

# Health, safety and wellbeing continued

## Managing occupational health and wellbeing

We offer occupational-health services as part of our wellbeing programme, and comply with all applicable regulations in the countries where we operate. We employ occupational-health professionals in our biggest factories, to ensure we identify health hazards, manage the necessary medical-surveillance activities of our workforce, respond to injuries, and minimise risks on-site.

Alongside our health and safety commitment, we strongly believe in supporting the physical, mental and emotional wellbeing of our people. Our holistic wellbeing programme is based on four pillars (Health, Energy, Protection, Community) and 16 quadrants representing the main areas of intervention.

In addition to the Group Wellbeing Manager role, countries are pursuing different wellbeing activities and initiatives as per their needs. Local wellbeing focal points are appointed in each region to coordinate and manage wellbeing initiatives, both locally defined and those coming from the Group.

In alignment with our plan for fiscal year 2022/23, we focused our initiatives at Group-level on raising awareness of the importance of wellbeing:

- India, Germany, Ecuador, Colombia, Argentina and the headquarters of North America kicked off the Workforce Nutrition project with the Global Alliance for Improved Nutrition, measuring healthy food at work, nutrition education, health checks and breastfeeding. The results form the basis for improvement in these four areas.
- With our Employee Assistance partner – Telus Health – we have assessed the maturity of our Company in mental-health policies and practices. The results enable the preparation of coherent plan for this very sensitive topic.
- The Employee Assistance programme, available to all Ferrero employees and dependents globally, remains a cornerstone of our wellbeing offer. We sustain and continuously promote a culture of care, where everyone can find support and advice in times of need, whether work-related or not.

- We have deployed our recurring wellbeing awareness strategy globally to foster a comprehensive understanding of wellbeing. It includes four awareness days a year (one a quarter), aligned with international awareness days such as Mental Health Day (October) or Cancer Day (February), focusing on one specific wellbeing topic at a time. We prepare videos, posters and articles in all official Ferrero languages, and send them to all regions. In addition, the first Global Wellbeing month was launched in April 2023. A large variety of group and local wellbeing activities ran during the month under a common brand (Wellbeing Matters).
- We confirmed our commitment to the Consumer Goods Forum in the Employee Health and Wellbeing workstream, where several FMCG companies join forces to find solutions to common health and wellness problems affecting today's world.

## OUR PERFORMANCE THIS YEAR

The trend for H&S was positive. In fiscal year 2022/23, the lost-day injury rate (LDIR) decreased from 5.1 accidents per million hours worked to 4.6 (-9%) compared with the previous year. The Company's total recordable injury rate (TRIR) stood at 5.9, compared to 7.2 in the previous year (-18)\*.

During the year, we continued to improve our central H&S tools, ICE and SALC, expanding their capabilities and reinforcing their use as the mandatory platform for all operations sites to report and follow up injuries, near misses and unsafe acts or conditions. The new two leading indicators introduced in fiscal year 2021/22 (total leading rate – TLR, and closure action rate – CAR) were fully integrated into performance dashboards and monitored for all industrial plants. All plants are well on the way to achieving the formal targets established for 2023/24 for TLR (500) and CAR (85%).

Furthermore, in fiscal year 2022/23, our H&S and Environment and Energy group functions underwent a comprehensive compliance audit programme with an international provider (Ramboll), to confirm full compliance with applicable legal requirements and best-practice norms on environmental, energy, health and safety topics.

Our annual H&S Strategic Plan defines the strategy for aligning all areas of the business within a common framework. We revised the plan for fiscal year 2022/23, in line with our H&S function, expanding our strategic direction to include the following:

- Roll-out and full internalisation of H&S training for Operations Managers.
- Enhancing contractor safety-management processes at plants, with a focus on Europe.
- Completion of Ferrero Operational Requirements programme and Group procedures for the most relevant H&S risks.
- Digitising processes and employing new technologies to simplify and enhance H&S tasks (e.g. artificial intelligence to identify high-risk situations, virtual reality for H&S training, digital checklists).
- Developing H&S internal audit concept to improve continuously.
- Developing strategy for managing H&S aspects related to third-party operations.
- Establishing the procedure and assessment process for explosion protection (ATEX).
- Releasing the Group procedure defining the minimum H&S requirements for Ferrero offices.
- Evolving leading KPIs, to include important safety routines such as safety dialogue.
- Phase II of H&S training for HR professionals.

\* TRIR value has changed from the figure disclosed in the Sustainability Report 2022. The restatement of this figure is due to a change in the reporting perimeter: the Alzira site was in the process of integration at the time of the previous report's publication, but it is now fully integrated.

# Human rights

Alongside our Company values, we respect and promote human rights through a due diligence-based approach. We are determined to eliminate all forms of modern slavery, human trafficking, forced, compulsory and prison labour, and child labour.

We recognise that our activities can cause, contribute or be linked to adverse human rights and social impacts. Our human rights approach therefore aims to provide better outcomes for people and communities, focusing on vulnerable groups such as children, women, migrant workers, indigenous people and communities, and underrepresented populations. It is guided by the Ten Principles of the United Nations Global Compact, the United Nations Guiding Principles of Business and Human Rights, the International Bill of Human Rights and the International Labour Organization Fundamental Labour Conventions.

We implement due diligence to identify, prevent, mitigate, address and remediate any adverse human rights risks identified across the value chain. It consists of four elements, as follows:

- **Assess:** identifying, assessing and prioritising human rights risks, including ethical audits and assessments.
- **Address:** following our human rights policy in our activities, addressing identified human rights risks, including measures to prevent, mitigate and remediate.
- **Monitor:** tracking and monitoring our activities and their effectiveness, to address risks and continually improve our human rights approach.
- **Communicate:** reporting the implementation progress internally and externally.

Meaningful stakeholder engagement is fundamental to our human rights approach. We aim to continuously improve and promote good practices by engaging with our employees, and sharing learnings with business partners and relevant stakeholders. We expect our business partners to respect human rights by taking appropriate measures.

## Our human-rights milestones and progress

### 2018

#### Conducted a human-rights saliency assessment

We conducted an assessment to identify our ten salient human-rights issues ([See our Human Rights Report](#)) and analyse our existing approach to inform improvements

### 2020

#### Published our Human Rights Policy Statement

Our Human Rights Policy Statement guides our human rights strategy, policy and activities. It sets out principles to the ten salient issues and highlights our approach to addressing them

#### Published our Supplier Code and rolled out our Supplier Risk Management & Due Diligence process

We continuously deploy our supplier risk-management and due-diligence process to identify and address risks in supply chains.

[Read more on page 37 \(Supplier Risk Management and Due Diligence\)](#)

### 2021

#### Became a member of the Consumer Goods Forum Human Rights Coalition (HRC)

The HRC is a collective of consumer goods companies working to eradicate forced labour and strengthen the industry deployment of due diligence

Activated the roll-out of an enhanced ethical-audit programme focusing on forced labour in our manufacturing sites, aligning with the CGF HRC industry due-diligence framework

We continuously assess the social practices at our manufacturing sites and find solutions to fill the gaps when identified.

[Read more in Page 68 \(Employment and Labour Relations\)](#)

### 2022

#### Published our first Human Rights Report

Our Human Rights Report describes in details our due-diligence approach and our progress in addressing the salient issues

Conducted three workshops on human rights with the Sustainability Operative Committee in collaboration with Shift. The objective of the workshop was to build internal capability in human rights with senior leaders

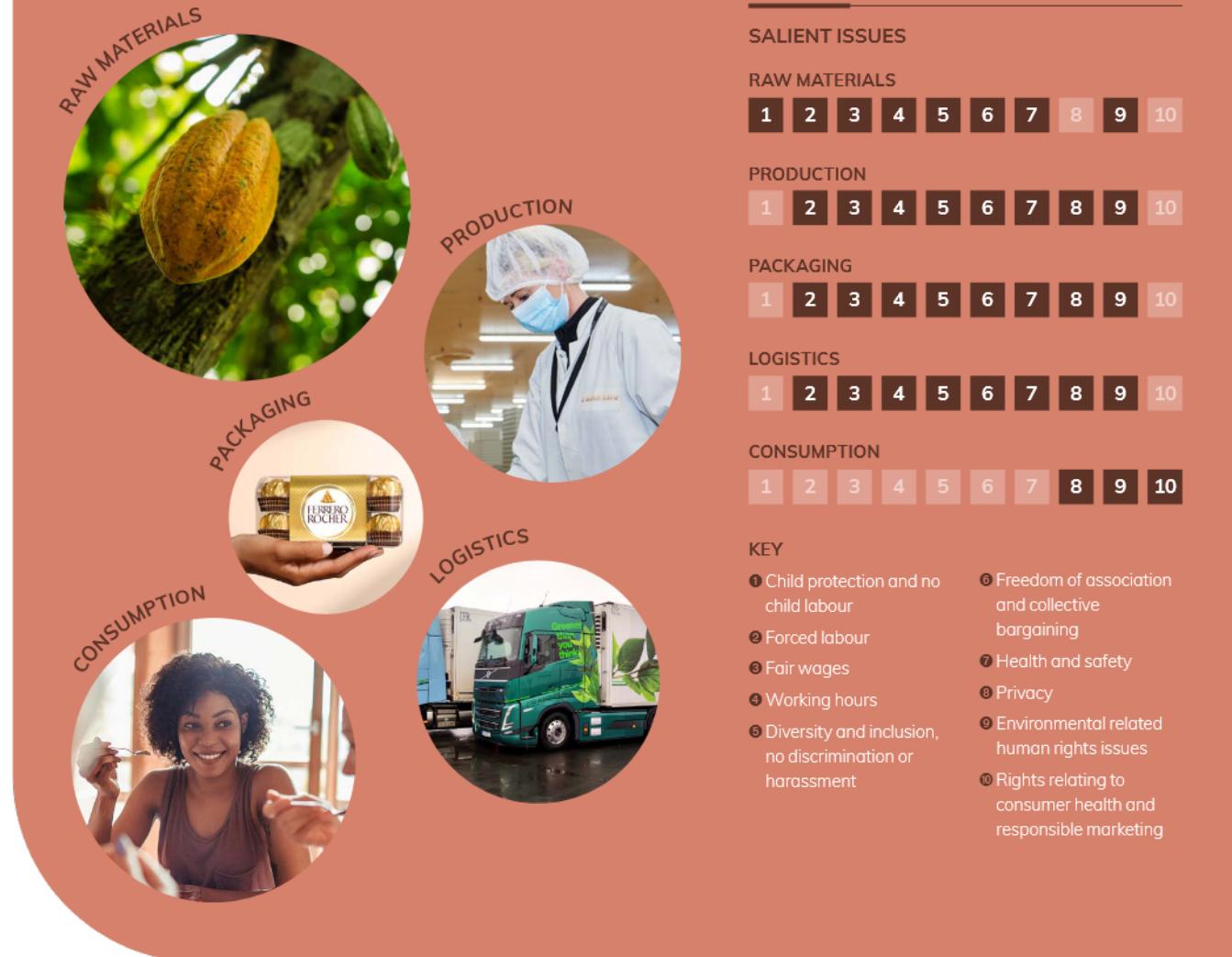
### 2023

#### Developed and tested our Child Labour Prevention and Remediation Guidelines in Cocoa

In collaboration with Save the Children and the Centre of Child Rights and Business, we developed and tested a set of guidelines and recommendations for cocoa supply chain partners in Côte d'Ivoire and Ghana, and began piloting it in Côte d'Ivoire to implement our commitments in addressing child labour

# Human rights continued

## THE TOP 10 ISSUES AND WHERE MAIN IMPACTS MAY OCCUR



To continuously strengthen our human rights approach, we work with Shift, the leading centre of expertise on the UN Guiding Principles on business and human rights, and joined its Business Learning Program.

We continue to deepen local strategic partnerships on specific commodity and country challenges. You can find case studies of our salient issues in our [Human Rights Report](#) and descriptions of our responsible sourcing activities in our source ingredients sustainability chapter on [page 33](#).



**Shift**

“Since our collaboration with Ferrero began in 2016, and through their participation in Shift’s Business Learning Program from 2018, we have observed their proactive approach to human rights due diligence. Their journey, from identifying salient issues to implementing deep-dive pilots for human rights action planning with a theory of change approach, demonstrates their willingness to evolve and adapt. Ferrero’s support in advancing the UNGPs into binding standards is commendable. As they continue on this path, we encourage Ferrero to further increase the focus of their human rights due diligence programme on outcomes for people particularly in procurement, manufacturing and new product design, and to reflect a stronger human rights perspective to their environmental and climate strategies. Furthermore, we encourage Ferrero to continue sharing their insights and experiences with peer companies, contributing to a broader positive impact in the industry, while acknowledging that there is always room for growth and improvement in these complex areas.”

**Federico Burlon**, Deputy Director Business Engagement

# Michele Ferrero Entrepreneurial Project

The entrepreneurial and philanthropic spirit, which has been deeply embedded in the culture and business of the Ferrero Group since it was first created, is the inspiration behind the Michele Ferrero Entrepreneurial Project.

## India

To extend support to rural communities, we built eight new Anganwadis (courtyard shelters), which are buildings that host maternal and child health services, in the villages around the Ferrero factory in Baramati, between 2015 and 2022.

The Pietro Ferrero Kindergarten has continued to provide socio-educational services since its inauguration in 2014, nowadays reaching more than 100 children aged below six.

## South Africa

In March 2022, we launched the Kinder Joy of moving initiative in South Africa in seven primary schools (for a total of over 10,000 pupils) in the Sedibeng district of the Gauteng province (where the Ferrero Walkerville plant operates).

In Walkerville, over the past years, we built or refurbished sports centres at the Laerskool De Deur, the Randvaal Primary School, and the Centre De Deur primary schools. The sports centre at the Sicelo School was inaugurated in 2023.

A Primary Health Care Centre inaugurated in 2016 continued to provide medical assistance to employees of the Walkerville plant and their families.

# Fondazione Ferrero

The Ferrero Foundation, established in 1983, embodies our motto of '**Work, Create, Donate**' to oversee a variety of activities geared towards employees beyond their employment and the local communities around our three main production sites.

The Foundation offers Ferrero seniors and retirees based in Alba (Italy), Villers-Écalles (France) and Stadtallendorf (Germany) a programme of creative, recreational and social activities, as well as social and healthcare services. It also provides national and international study scholarships to the children of Ferrero's current and former employees, along with sponsoring scientific research and research doctorates, playing our part in investing in tomorrow's future today.



# Kinder Joy of moving

Kinder Joy of moving is our international social responsibility programme. Based on the belief that a positive attitude towards movement will make today's children better adults tomorrow, the programme encourages children's natural inclination to be active and to play.

Launched in 2005, the project has already involved more than 60 million children, reaching over 3.4 million in the last year alone. It now spans 34 countries, thanks to an investment of more than 11 million euros. This year, the programme was also launched in Belgium with two running events for children and families.

Kinder Joy of moving supports initiatives with a high educational and social value, designed to engage children in physical activities at home, school and during leisure time. It draws inspiration from an educational method, born from years of research and in continuous development thanks to the support of an International Scientific Committee that also guides the Village Joy of moving in Alba, as a permanent innovation laboratory on children's motor activity. The Joy of moving method, available to families and educators, fosters the development of fundamental skills, helping children grow up active and happy through play and movement.

It has rapidly gained international recognition and is now spread all over the world thanks to many educators who have undergone a specific training programme on the methodology and important collaborations with public and private partners.

Joy of moving-based programmes are active in Australia, Brazil, Ecuador, India, Italy, Mexico, Romania, South Africa and UK.

Costa Cruises uses Joy of moving in special activities offered to children and families on board ships, and activities ashore for disadvantaged local communities.

Save the Children has adopted Joy of moving in Italy and the United States to ensure training and educational opportunities for the most fragile, and recently in northern Ontario, Canada, where a pilot programme involves incorporating the method into gym classes.



The Kinder Joy of moving Park located at Vicolungo The Style Outlet, near Milano in the North of Italy, born from our partnership with the Municipality of Vicolungo and Neinver – a leading European player in the outlet sector – is based on the Joy of moving method and is designed to encourage children and families worldwide to embrace physical activity.

In general, the project benefits from the collaboration of 131 high-profile, qualified and expert partners, including Institutions, Ministries, Universities, Private Companies, Organisations, Olympic Committees, Sports Federations and Associations, and the prestigious International School Sport Federation (ISF).

The programme supported research projects focused on the benefits of an active lifestyle and international sporting events to promote joy of movement without boundaries:

- Kinder Joy of moving Tennis Trophy, together with a junior wheelchair trophy, involved 20,000 young tennis players in 10 countries and culminated with the International Master at Rafa Nadal Academy in Mancor, Spain. The trophy was an opportunity to promote sport in an inclusive, respectful and joyful way, thanks to numerous ambassadors in different countries.
- Events organised together with the ISF in Morocco, Serbia and Brazil.

## FOCUS ON: ENGAGEMENT

### Raising awareness for our employees

The programme also aims to raise awareness of the importance of an active lifestyle for overall physical and mental wellbeing. As part of Ferrero's employee Wellbeing Month last April, Kinder Joy of moving provided stimulating content and topics, including a webinar by Professor Caterina Pesce, creator of the Joy of moving methodology.

### Reaching people through social media

Thanks to digital content that aims to promote playful movement joyfully, Kinder Joy of moving is increasingly present in the lives of children and their families. The programme reached 303 million people through social media in the past year.<sup>3</sup>

<sup>3</sup> The data reflects the number of users reached by #Kinderjoyofmoving content posted on Kinder, Kinder Joy of moving, and Ferrero social media channels, as measured by Emplifi and Meta Business from September 2022 through August 2023.

# Our priorities going forward

## Enhanced safety culture

In alignment with our vision to 'create a proactive, self-sustaining safety culture throughout the company, which protects and continuously improves the Health, Safety and Wellbeing of our people and partners' we have designed and launched a training program in Operations to enable and empower our line managers to effectively engage their teams through safety dialogues and interactions. We have issued group-wide leading indicators for H&S and assigned targets to each plant of the Ferrero group for the first time in the fiscal year 2022/23, which were met by a large majority of the site. As a result the injury rate across the Ferrero group was reduced by 18% year-on-year. In the coming years we will focus on programs which seek to engage all employees in the dialogue and proactive management of their safety with the ultimate aim to prevent all injuries and accidents.

## Better gender balance

One of the key pillars in our diversity, equity and inclusion work is achieving better gender balance at all levels of our organisation and we have set ourselves the 2030 goal to increase the representation of women in decision-making roles.

We will keep working on removing bias at each stage of the employee lifecycle and tackling barriers faced by women in the workplace with initiatives like our global parental policy and the Acceleration Program.

This effort already made us increase 2 percentage points of women in managerial positions in the last 2 years and we want to keep us with this progress.

## Human rights

We will review and update our human rights-related policies, including piloting the Child Labour Prevention and Remediation Guidelines in Cocoa with Save the Children; as well as take steps to strengthen our due diligence and audit programmes.

We continue to build internal capability on human rights, including incorporating human rights into existing sustainability learning modules for employees and tailored populations; and developing practical tools to support business functions in addressing human rights impacts by building on the current human rights assessment and action planning pilot project.

We continually monitor and act to address our salient human rights issues, with a focus on fair wages and environmental-related human-rights impacts, including addressing just transition and integrating a people perspective into our environmental and climate strategies. We review our activities and programmes to assess the effectiveness of our approach and inform our way forward.

To contribute to positive impact, we continue to share best practices, challenges and experiences with peers through participation in collaborative platforms, such as Shift Business Learning Program, Consumer Goods Forum Human Rights Coalition, AIM-Progress and ILO Child Labour Platform; and partner with non-profit organisation Save the Children to advance our on-ground human rights efforts.

# Collaborations

We believe in the importance of partnership to achieve progress and make the most positive impact. Over the years, we have established long-term partnerships on the ground and also continue to drive progress by creating new ones that can support us along the journey.

**"To create impact it is key to invest in robust partnership and cooperation, starting from the countries producing our key ingredients. Sharing our values, commitments and purpose with all stakeholders in the value chain enables collaboration and exchange of best practices, so we can all support each other to make substantial changes and drive the sector's sustainability journey further."**

**Francesco Tramontin**, VP EU Institutional Relations and Group Public Policy Center



## ORGANISATIONS WE COLLABORATE WITH THAT HAVE BEEN MENTIONED IN THE REPORT

- AIM-Progress
- Allen & Overy
- Association of Plastic Recyclers
- Bonsucro
- Business Disability Forum
- Caobisco (Association of Chocolate, Biscuit and Confectionery Industries of Europe)
- Catalyst
- Circular Action Alliance
- Cocoa & Forest Initiative
- Consumer Brands Association
- Consumer Goods Forum
- Costa Cruises
- Country Navigator
- Diversity Charter Letzeburg
- Düzce Ministry of National Education (Türkiye)
- Earthworm Foundation
- Ellen MacArthur Foundation
- Farm Strong
- FoodDrink Europe
- Gameloft
- Global Alliance for Improved Nutrition (GAIN)
- Global Forest Watch (World Resources Institute)
- International Labour Organisation
- International School Sports Federation (ISF)
- International Union for the Conservation of Nature (IUCN)
- Ministry of Waters and Forest (Côte d'Ivoire)
- Municipality of Vicolungo (Italy)
- National Confectioners Association
- Neinver
- Nudge Global Impact Challenge
- Oxford University
- Perfect Sorting Consortium
- Polypropylene Recycling Coalition
- RecyClass
- Save the Children
- Scientific Certification Systems (SCS)
- SDA Bocconi University
- Shift Project
- Société de Développement des Forêts (SODEFOR – Côte d'Ivoire)
- Sourcemap
- Sustainability Dairy Partnership (SAI Platform)
- Sustainable Agriculture Network
- Sustainable Nutrition Scientific Board
- Telus Health
- The Education Volunteers Foundation of Türkiye (TEGV)
- The Recycling Partnership
- United Nations Global Compact (Signatory)



**Sourcemap**

"Sourcemap, a platform capable of mapping products down to the origin of raw materials, uses state-of-the-art technology to deliver unprecedented end-to-end supply chain insights, enhancing traceability by ensuring that best practices are implemented every step of the way. We are proud to partner with Ferrero and take an active role in its commitment to achieving traceability back to farm level in its cocoa supply chain, through our polygon mapping technology. We know global supply chains face a number of shared complexities, particularly around sourcing. That's why we are collaborating with Ferrero to help strengthen its efforts. This includes working with its suppliers to achieve greater transparency, supporting the collection of key data on social and agricultural practices, validating the value chain through data science, and continuing to drive increased performance."

**Leonardo Bonanni**, Sourcemap Founder and CEO



"Addressing the complex issues of child labour requires collective action, and we must work together with stakeholders to help protect children, deliver access to quality education and empower women to transform their communities. The 2020-2025 Save the Children-Ferrero Community Development project aims to contribute to the holistic wellbeing and development of children, adolescents and youths in cocoa growing communities in Haut-Sassandra region in Côte d'Ivoire, starting by reducing the risk factors of child labour in cocoa farming. We are proud to partner with Ferrero and to support its commitment to contributing to a fairer and more sustainable cocoa supply chain. Thanks to such efforts, we are helping improve the lives of 37,000 direct beneficiaries – of which 18,000 are children – and over 90,000 indirect beneficiaries across 65 communities. Moreover, we are supporting the Company's supply chain's partners to improve their awareness and build capacity on child rights and child labour prevention. Together with Ferrero, we will continue to strive for delivering meaningful long-term change and impact at scale."

**Daniela Fatarella**, Chief Executive Officer of Save the Children Italy



# Reporting Summary

# About this report

Along with the objectives set out in previous reports, the issues in this 15th edition have been selected via a double materiality process involving internal and external stakeholders. The methodology of the assessment is available on [page 18](#). This report has been prepared in reference to the revised GRI Universal Standards. The GRI Content Index is available in the section 'Sustainability Reports' on our website: [www.ferrero.com](http://www.ferrero.com). Previous reports are also available on this page.

The following points of reference were also taken into consideration when developing the report:

- The 'Ten Principles' of the United Nations Global Compact (UNGC).
- The GRI and the UN Global Compact publication 'An Analysis of the Goals and Targets'.

The report was prepared by the CSR & Sustainability unit within the Strategy and Innovation organisation function with the contribution of several internal departments. The scope of financial data included in the report corresponds with Ferrero International's consolidated financial statements.

With regard to the qualitative and quantitative data on social and environmental aspects, the following entities were excluded from the scope of reporting (except where specified): Businesses acquired in 2019 from Kellogg's US producing cookies, ice cream cones, pie crusts and fruit snacks; other companies acquired recently namely Ice Cream Factory Comaker (2019-2021), Eat Natural (2020), FULFIL Nutrition (2022) and Wells (2022).

Information on the Piera, Pietro and Giovanni Ferrero Foundation ('Ferrero Foundation') is included in a specific chapter.

This report was the subject of a limited assurance engagement (under the International Standard on Assurance Engagements 3000) (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' by PwC Luxembourg in some of its parts. The details of the assurance are available on [page 100](#). Changes in calculation methodologies of previously published figures, provided for comparison, are clearly indicated. This report was published on 28 May. We will continue to publish reports on an annual basis.

## A note about disruptions

Ferrero continues to grow and expand into new categories and markets, through both organic growth and the acquisition of new businesses and iconic brands. As we welcome more brands into the Ferrero family, we have reviewed our sustainability commitments to ensure that they continue to remain relevant given that some acquired brands are at a different stage in their sustainability journey, and it often takes time to bring them into historical levels of sustainability performance. It is our firm belief that our sustainability commitments should be both ambitious and stretching, as well as realistic and achievable. We are therefore setting overarching commitments which encompass both the growth of our historical business and the acquisition of new brands and businesses. Whenever we set 100% goals, our commitment is to always maintain minimum operational levels above 90%, considering those situations above and as well unforeseen circumstances arising from supply chain disruptions that may affect our supply chain and temporarily set our numbers back.

## About our environmental data

### Data collection

We manage the collection and analysis of plants' data through an internal platform called SuRe (Sustainability Reporting). This tool allows better management, flow optimisation and data transfer. Moreover, we have developed with Exentriq, a dedicated platform to aggregate, validate and manage all Group environmental data, using innovative technologies and allowing more complex analyses.

### Standards and methodologies

Our carbon footprint is based on the Corporate Accounting and Reporting Standard – GHG Protocol – developed by the World Resources Institute (WRI) for the World Business Council for Sustainable Development (WBCSD), today used globally as the main internationally recognised measurement tool and carbon reporting standard. We account our GHG emissions using an operational control approach. The environmental impact assessment is carried out following the ISO 14040 and ISO 14044 LCA standards, including the relevant Principles and Reference Framework, Requirements and Guidelines.

Regarding the reported KPIs related to GHG emissions produced by the Ferrero Group, the conversion and emissions factors applied for the calculation of Scope 1, 2 and 3 emissions remain unchanged as from fiscal year 2017/18 to ensure consistency and comparability with the same SBTi baseline year. The only exception is represented by Scope 3 Cat. 1 for packaging materials used in operational plants, for which the emission factors have lastly been updated in fiscal year 2019/20.

The emission factors related to the conversion of energy from fuels come from Ecoinvent 3.4 database datasets and EPA Centre for Corporate Climate Leadership – GHG Emissions Factors Hub (March 2018). Products made in-house from renewable sources and the electricity supply from a marketplace certified by renewable sources do not contribute to greenhouse gas emissions, which follows best practice examples stated in GHG protocol. Emissions from cooling gases have been calculated using the IPCC Fifth Assessment Report, 2014 (AR5) emission factors, 100-year horizon. The emissions resulting from leased cars were calculated based on data collected internally from all 30 countries in which we have leased cars.

### Calculation details

The amount of recycled plastics used in packaging takes into account both the volume of rPET coming from mechanical recycling and the volume of rPP coming from chemical recycling. The resulting percentage of recycled content in plastic packaging is thus estimated on the amount of purchased material, in the reference year of this report. The CO<sub>2</sub>eq emission coefficients used for the assessment of Location-based and Market- based emission factors come from the Ecoinvent 3.4 database, except for the 2019 Location-based data (Ecoinvent 3.6). For Scope 3 GHG calculations, the sources are mainly commercial databases (i.e. Ecoinvent 3.1, International Energy Agency) as well as some specific datasets developed internally. Data was collected in May 2018; values have been calculated for the whole fiscal year. Emissions related to capital goods, upstream leased assets, purchased goods and services (co-packing and co-manufacturing), downstream transportation and distribution, home-work travel and business travel are based on estimations.

# About this report continued

## Data perimeter

The data is related to 23 production plants, excluding North Canton (U.S.), HCo manufacturing plants, as well as ICFC, former Kellogg's cookies, crust and cones business, Eat Natural, Wells and Faulbach manufacturing plants.

Data also includes warehouses directly managed by Ferrero except where clearly indicated. For some KPIs, the scope is different and it will be duly mentioned on a footnote when is the case.

## GHG emissions updated baseline/Science Based Targets

We developed our GHG emissions reduction targets (SBTi approved) by 2030 considering a fiscal year 2017/18 baseline that includes also recently acquired companies and other significant contributions which are not part of the disclosure of this report.

## Climate targets

	Base year data	Most recent year data	Delta
Scope 1 and 2 (Abs.)	724,697 tCO <sub>2</sub> eq	569,145	-21.5%
Scope 1, 2 and 3 (Int.)	4.6 tCO <sub>2</sub> eq/t prod.	4.3	-5.7%

Note: data including recently acquired companies is not subject of the third-party external assurance, however, a large percentage (more than 90% of total value) of the reported number is covered by the audit activities.

## Manufacturing plants

1946	1. Italy	Alba
1956	2. Germany	Stadtallendorf
1960	3. France	Villers-écalles
1965	4. Italy	Pozzuolo Martesana
1974	5. Australia	Lithgow
1975	6. Ireland	Cork
1975	7. Ecuador	Quito
1985	8. Italy	Balvano
1985	9. Italy S.	Angelo Dei Lombardi
1985	10. Belgium	Arlon <sup>1</sup>
1992	11. Poland	Belsk Duzy
1992	12. Argentina	La Pastora
1994	13. Brazil	Poços de Caldas
2006	14. Canada	Brantford
2006	15. South Africa	Walkerville
2007	16. India	Baramati
2009	17. Russia	Vladimir <sup>1</sup>
2013	18. Mexico S.	José Iturbide
2013	19. Turkey	Manisa
2015	20. China	Hangzhou
2015	21. United Kingdom	Alfreton
2017	22. USA	North Canton
2018	23. USA	Bloomington
2018	24. USA	Franklin Park
2019	25. USA	Louisville
2019	26. USA	Florence
2019	27. USA	Augusta
2019	28. USA	Chicago
2019	29. Spain	Alzira
2019	30. Italy	Castel D'ario
2020	31. United Kingdom	Halstead
2022	32. USA	Le Mars North
2022	33. USA	Le Mars South
2022	34. USA	Henderson
2023	35. USA	Dunkirk
2023	36. Italy	Caivano
2023	37. Germany	Faulbach

Note: plants acquired starting from 2019 onwards are not included in the scope of this report (N.25 TO 37) – except where specified.

1 <https://www.ferrero.com/news/ferrero-statement>

# Ferrero's key performance indicators

## Protecting the environment

### ENERGY

	Unit	2020/21	2021/22	2022/23
Renewable energy consumption	%	23.00	23.59	22.13 <sup>(A)</sup>
Purchased electric energy certified renewable	%	80.22	88.69	86.57 <sup>(A)</sup>
Energy intensity ratio	GJ/t	7.77	7.41	7.12 <sup>(A)</sup>
Total energy consumption	TJ	10,681.25	10,795.58	10,835.57 <sup>(A)</sup>
Total fuel consumption	TJ	9,378.00	9,036.55	8,959.41 <sup>(A)</sup>
– Total fuel consumption from non-renewables	TJ	8,511.66	8,501.26	8,662.67 <sup>(A)</sup>
– Total fuel consumption from renewables	TJ	866.34	535.29	296.74 <sup>(A)</sup>
Total electricity consumption (electricity sold excluded)	TJ	1,527.45	1,839.05	1,970.93 <sup>(A)</sup>
– Total electricity consumption (electricity sold excluded) from non-renewables	TJ	-62.95	-172.07	-130.28 <sup>(A)</sup>
– Total electricity consumption (electricity sold excluded) from renewables	TJ	1,590.40	2,011.12	2,101.20 <sup>(A)</sup>
Steam or hot water consumption (sold streams excluded)	TJ	-224.21	-80.02	-94.76 <sup>(A)</sup>

(A): data externally assured

## Protecting the environment (continued)

### GHG EMISSIONS

	Unit	2020/21	2021/22	2022/23
GWP Emissions TOTAL (Total Scope 1 + Scope 2 Market based + Scope 3)	tCO <sub>2</sub> eq	7,007,128	7,318,172	7,502,303 <sup>(A)</sup>
GWP Sc.1 Emissions – Total emissions	tCO <sub>2</sub> eq	477,071	477,243	484,962 <sup>(A)</sup>
GWP Sc.1 Emissions – (Of which) for Energy streams sold externally	tCO <sub>2</sub> eq	63,640	51,143	54,224 <sup>(A)</sup>
GWP Sc.1 Emissions – Net total emissions	tCO <sub>2</sub> eq	413,430	426,100	430,738 <sup>(A)</sup>
GWP Sc.2 Emissions – Market based	tCO <sub>2</sub> eq	88,599	52,256	62,543 <sup>(A)</sup>
GWP Sc.2 Emissions – Location based	tCO <sub>2</sub> eq	305,683	331,049	344,259 <sup>(A)</sup>
GWP Sc.3 Emissions – All Categories	tCO <sub>2</sub> eq	6,441,458	6,788,673	6,954,798 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 1. Purchased goods and services	tCO <sub>2</sub> eq	5,200,143	5,487,792	5,622,277 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 2. Capital goods	tCO <sub>2</sub> eq	212,543	209,773	195,924 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 3. Fuel-and-energy-related activities	tCO <sub>2</sub> eq	85,712	75,644	75,231 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 4. Upstream transportation and distribution	tCO <sub>2</sub> eq	683,915	722,238	748,691 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 5. Waste generated in operations	tCO <sub>2</sub> eq	6,405	6,082	5,747 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 6. Business travel	tCO <sub>2</sub> eq	2,132	9,114	13,176 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 7. Employee commuting	tCO <sub>2</sub> eq	32,203	42,894	45,747 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 8. Upstream leased assets	tCO <sub>2</sub> eq	117,565	127,955	136,497 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 9. Downstream transportation and distribution	tCO <sub>2</sub> eq	11,653	12,351	12,899 <sup>(A)</sup>
GWP Sc.3 Emissions – Cat 12. End of life treatment of sold products	tCO <sub>2</sub> eq	89,188	94,829	98,608 <sup>(A)</sup>

(A): data externally assured

## Protecting the environment (continued)

### WATER

	Unit	2020/21	2021/22	2022/23
Water consumption	m <sup>3</sup>	5,293,591.38	5,396,499.99	5,093,589.24 <sup>(A)</sup>
Water consumption from water main	%	63.27	61.97	63.33 <sup>(A)</sup>
Water consumption from well	%	31.82	33.43	34.03 <sup>(A)</sup>
Water consumption from river	%	4.91	4.60	2.55 <sup>(A)</sup>
Water consumption from other sources	%	0.01	0.01	0.09 <sup>(A)</sup>
Water consumption ratio	m <sup>3</sup> /t	3.85	3.70	3.35 <sup>(A)</sup>
Wastewater	m <sup>3</sup>	3,231,475.02	3,126,139.15	2,992,834.14 <sup>(A)</sup>
Wastewater Sewage	%	94.15	92.97	92.24 <sup>(A)</sup>
Wastewater Surface water	%	3.82	5.18	5.83 <sup>(A)</sup>
Wastewater Ground and underground	%	2.03	1.85	1.93 <sup>(A)</sup>

### WASTE

	Unit	2020/21	2021/22	2022/23
Waste production ratio	kg/t	69.66	69.58	64.90 <sup>(A)</sup>
Total waste	t	95,721.83	101,348.29	98,731.38 <sup>(A)</sup>
Percentage of recovered waste	%	96.72	97.55	97.92 <sup>(A)</sup>
Non-hazardous waste recycled	t	91,263.84	97,587.57	95,303.54 <sup>(A)</sup>
Non-hazardous waste disposed	t	2,409.54	1,762.13	1,646.99 <sup>(A)</sup>
Hazardous waste recycled	t	1,314.37	1,282.64	1,373.61 <sup>(A)</sup>
Hazardous waste disposed	t	734.09	715.95	407.24 <sup>(A)</sup>

(A): data externally assured

## Protecting the environment (continued)

### PACKAGING AND OTHER FIGURES

	Unit	2020/21	2021/22	2022/23
Total production	t	1,374,224.65	1,456,631.00	1,521,254
Recycled materials in packaging	%	4.03	4.30	5.34 <sup>(A)</sup>
Renewable materials in packaging	%	39.59	40.16	40.53 <sup>(A)</sup>
Recyclable, reusable or compostable packaging	%	83.10	83.16	84.81 <sup>(A)</sup>
Packaging designed for recycling	%	—	88.5	90.70 <sup>(A)</sup>
Total raw materials used	t	2,183,822	2,335,036	2,414,260
Refrigerant gases: ODP contribution	kgR11eq.	1.18	5.81	3.94
Refrigerant gases: GWP contribution	tCO <sub>2</sub> eq	13,708	14,268	13,540

### ENVIRONMENTAL CERTIFICATIONS

	Unit	2020/21	2021/22	2022/23
ISO 14001 certified plants and warehouses	n.	30	29	29 <sup>(A)</sup>
ISO 50001 certified plants and warehouses	n.	21	22	23 <sup>(A)</sup>

(A): data externally assured

## Sourcing ingredients sustainably

### RAW MATERIALS

	Unit	2020/21	2021/22	2022/23
Total raw materials used	t	2,183,822	2,335,036	2,414,260.13 <sup>(A)</sup>

### COCOA

	Unit	2020/21	2021/22	2022/23
Cocoa sourced through independently certifications schemes and standards	%	99.85	99.99	100 <sup>(A)</sup>
Cocoa traceability to farmer group	%	99.64	96.34	98.28 <sup>(A)</sup>
Cocoa traceability to farm-gate level if minimum GPS waypoint available	%	95.57	95.64	96.06 <sup>(A)</sup>
Cocoa traceable to farm-gate if minimum requirement polygon-mapped	%	88.01	89.17	93.37 <sup>(A)</sup>

### HAZELNUTS

	Unit	2020/21	2021/22	2022/23
Hazelnuts traceability to farm gate	%	56.53	79.73	90.10 <sup>(A)</sup>

### PALM OIL

	Unit	2020/21	2021/22	2022/23
RSPO Certified palm oil as Segregated (including Thorntons)	%	100*	100*	100 <sup>(A)</sup>
Traceability to palm oil mills	%	100	99.95	100 <sup>(A)</sup>
Traceability to plantations	%	99.90	99.95	100 <sup>(A)</sup>
RSPO Certified palm oil as Segregated (including Thorntons, Fannie May, FMC (former Nestlé US confectionary business), ICFC, Eat Natural and former Kellogg's)	%	99.57	99.6	96.86 <sup>(A)</sup>
Traceability to palm oil mills (including Thorntons, Fannie May, FMC (former Nestlé US confectionary business), ICFC, Eat Natural and former Kellogg's)	%	99.57	99.95	99.97 <sup>(A)</sup>
Traceability to plantations (including Thorntons, Fannie May, FMC (former Nestlé US confectionary business), ICFC, Eat Natural and former Kellogg's)	%	99.84	99.55	98.57 <sup>(A)</sup>

\* In FY 20/21 and 21/22, Thorntons was not included in the scope.

(A): data externally assured

## Protecting the environment

### EGGS

	UNIT	2020/2021	2021/2022	2022/23
Cage free eggs	%	93.66	93.13	90 <sup>(A)</sup>

### CANE SUGAR

	Unit	2020/21	2021/22	2022/23
Cane sugar sourced through Bonsucro	%	100	100	100 <sup>(A)</sup>
– Of which % certified via Bonsucro credit system	%	63.46	64.17	65 <sup>(A)</sup>

### COFFEE

	Unit	2020/21	2021/22	2022/23
Certified coffee beans	%	100	100	100

(A): data externally assured

## Protecting the environment (continued)

### BIODIVERSITY

We map our plants according to the WDPA – The World Database on Protected Areas.

None of our plants are located in protected or highly biodiverse areas. In some cases, there are protected areas near our factories (less than 2 km away). Please find the list below:

Plant name	Protected area	Type of area	Type	Distance	IUCN cat.	Area (square km)
Belsk	Dolina Rzeki Jeziorki	Protected Landscape Area	National	<1 km	Not Ass.	153.794095
S.Angelo dei Lombardi	Querceta dell'Incoronata (Nusco)	Site of Community Importance (Habitats Directive)	Regional	<1 km	Not Rep.	13.62
Alfreton	Oakerthorpe	Local Nature Reserve	National	<2 km	IV	0.0266097
Alfreton	Penny Town Ponds	Local Nature Reserve	National	<2 km	IV	0.0545065
Belsk	Modrzewina	Nature Reserve	National	<2 km	IV	3.3219
S.Angelo dei Lombardi	Alta Valle del Fiume Ofanto	Site of Community Importance (Habitats Directive)	Regional	<2 km	Not Rep.	5.9
Stadtallendorf	Brückerwald und Hußgeweid	Site of Community Importance (Habitats Directive)	Regional	<2 km	Not Rep.	4.1075
Stadtallendorf	Herrenwald östlich Stadtallendorf	Site of Community Importance (Habitats Directive)	Regional	<2 km	Not Rep.	28.5208
Villers-Ecalles	Boucles de la Seine normande	Regional Nature Park	National	<2 km	V	896.138423

IUCN categories in order of significance:

Category Ia: Strict Nature Reserve

Category Ib: Wilderness Area

Category II: National Park

Category III: Natural Monument or Feature

Category IV: Habitat/Species Management Area

Category V: Protected Landscape/Seascape

Category VI: Protected Area With Sustainable Use Of Natural Resources

(A): data externally assured

## Promoting responsible consumption

### PRODUCT QUALITY AND SAFETY

	Unit	2020/21	2021/22	2022/23
Manufacturing plants certified FSSC 22000	n.	23	23	24 <sup>(A)</sup>
Toys safety assessment	%	100	100	100
Toys medical check	%	100	100	100

### NUTRITION, HEALTH AND LIFESTYLE

	Unit	2020/21	2021/22	2022/23
Products with serving size of 10 kcal or less	%	4.30	4.50	4.50 <sup>(A)</sup>
Products with serving size between 10 and 100 kcal	%	59.50	60.70	61.10 <sup>(A)</sup>
Products with serving size between 100 and 150 kcal	%	28.70	26.00	25.80 <sup>(A)</sup>
Products with serving size between 150 and 200 kcal	%	6.00	5.50	5.70 <sup>(A)</sup>
Products with a serving size of more than 200 kcal	%	1.50	3.40	2.90 <sup>(A)</sup>
Products with a serving size of less than 130 kcal	%	86.10	86.20	86.20 <sup>(A)</sup>
Core marketed volumes covered by Glycaemic Index analysis eligible for the Sustainability Report	%	–	–	75.80 <sup>(A)</sup>
Products compliant with the IFBA sodium reduction targets	%	–	–	100 <sup>(A)</sup>
Yeast Raised Desserts and Morning Goods	%	–	–	100 <sup>(A)</sup>
Powder Raised Desserts and Morning Goods	%	–	–	100 <sup>(A)</sup>
Sweet Biscuits	%	–	–	100 <sup>(A)</sup>

(A): data externally assured

## Promoting responsible consumption (continued)

### NUTRITION, HEALTH AND LIFESTYLE (continued)

	Unit	2020/21	2021/22	2022/23
Products with low GI ( $\leq 55$ ) (based on the core market volumes)	%	87.50	85.60	89.20
Products with medium GI (56-69) (based on the core market volumes)	%	7.20	6.90	4.70
Products with high GI ( $\geq 70$ ) (based on the core market volumes)	%	5.20	7.40	6.00
Distribution of the PDRs according to the target eating occasions, on marketed volumes – Breakfast	%	34.5	34.7	33.5 <sup>(A)</sup>
Distribution of the PDRs according to the target eating occasions, on marketed volumes – BMEE	%	45.5	45.2	49.0 <sup>(A)</sup>
Distribution of the PDRs according to the target eating occasions, on marketed volumes – Dessert	%	5.1	5.1	0.0 <sup>(A)</sup>
Distribution of the PDRs according to the target eating occasions, on marketed volumes – Occasional	%	15.0	15	17.5 <sup>(A)</sup>

(A): data externally assured

## Empowering people

### INTERNAL AND EXTERNAL WORKFORCE

Number of employees	As of 31/08/2021	As of 31/08/2022	As of 31/08/2023
Group employees	38,767	41,441	47,212 <sup>(A)</sup>
Ferrero Foundation	12	13	12 <sup>(A)</sup>
External workforce	13,154	8,090	6,072 <sup>(A)</sup>

### EXACT WORKFORCE OF THE GROUP

Number of employees	As of 31/08/2021*	As of 31/08/2022*	As of 31/08/2023
Total	37,790	39,719	41,116
Of which women	44.38%	43.79%	43.95%

\* Exact workforce figures include employees who are employed directly by Ferrero as of 31st August, excluding the employees of the Piera, Pietro and Giovanni Ferrero Foundation, ICFC and Eat Natural.

"Europe" includes the 27 EU Members States and the United Kingdom for Fiscal Years 2019 and 2020, and the 27 Member States only for Fiscal Year 2021. "Extra Europe" includes all the other Countries where the Group operates.

### GROUP WORKFORCE BY TYPE OF CONTRACT

Type of work contract	As of 31/08/2021			As of 31/08/2022			As of 31/08/2023		
	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	
Fixed term	8,385	22.19	8,317	20.94	8,242	20.05			
Permanent Contract	29,405	77.81	31,402	79.06	32,874	79.95			
Total	37,790	100	39,719	100	41,116	100			

Type of work contract	As of 31/08/2021				As of 31/08/2022				As of 31/08/2023			
	Europe	%	Extra Europe	%	Europe	%	Extra Europe	%	Europe	%	Extra Europe	%
Fixed term	5,523	24.96	2,862	18.28	5,830	24.51	2,487	15.61	5,423	26.79	2,819	13.50
Permanent Contract	16,608	75.04	12,797	81.72	17,960	75.49	13,442	84.39	14,816	73.21	18,058	86.50
Total	22,131	100	15,659	100	23,790	100	15,929	100	20,239	100	20,877	100

(A): data externally assured

## Empowering people (continued)

	As of 31/08/2021	As of 31/08/2022	As of 31/08/2023
	%	%	%
Part-time/Full-time			
Part-Time	6.49	4.84	5.07
Full-Time	93.51	95.16	94.93

Group Workforce at 31st August	As of 31/08/2021			As of 31/08/2022			As of 31/08/2023		
	Total number employees	Women %	Men %	Total number employees	Women %	Men %	Total number employees	Women %	Men %
<b>Geographical area</b>									
Europe	22,131	43.34	56.66	23,790	43.26	56.74	25,820	44.02	55.98
Extra-Europe	15,659	45.84	54.16	15,929	44.57	55.43	15,296	43.82	56.18
<b>Employee category</b>									
Blue Collar	22,456	46.38	53.62	23,988	45.58	54.42	24,945	45.40	54.60
Employees	11,202	44.46	55.54	11,872	44.14	55.86	12,050	44.40	55.60
Middle manager	2,546	36.68	63.32	2,711	36.89	63.11	2,888	44.00	56.00
Senior manager	1,091	17.60	82.40	1,148	18.99	81.01	1,233	21.70	78.30
<b>Type of contract</b>									
Permanent	29,405	41.57	58.43	31,402	41.55	58.45	32,874	41.79	58.21
Fixed term	8,385	54.28	45.72	8,317	45.41	54.59	8,242	52.58	47.42
<b>Part Time / Full Time</b>									
Part-Time	2,397	69.38	30.62	3,097	87.01	12.99	2,086	77.33	22.67
Full-Time	35,393	42.69	57.31	36,622	42.80	57.20	39,030	42.17	57.83
<b>Total</b>	<b>37,790</b>	<b>44.38</b>	<b>55.62</b>	<b>39,719</b>	<b>43.79</b>	<b>56.21</b>	<b>41,116</b>	<b>43.95</b>	<b>56.05</b>

(A): data externally assured

## Empowering people (continued)

### AVERAGE LENGTH OF SERVICE BY AREA

Employee Category	As of 31/08/2021		As of 31/08/2022		As of 31/08/2023	
	Europe	Extra-Europe	Europe	Extra-Europe	Europe	Extra-Europe
Blue Collar	9 Years, 11 Months	5 Years, 1 Months	9 Years, 1 Months	4 Years, 10 Months	11 Years, 4 Months	5 Years, 0 Months
Employees	12 Years, 4 Months	4 Years, 10 Months	12 Years, 3 Months	4 Years, 9 Months	11 Years, 12 Months	5 Years, 0 Months
Middle manager	14 Years, 6 Months	7 Years, 5 Months	14 Years, 8 Months	7 Years, 0 Months	14 Years, 8 Months	7 Years, 2 Months
Senior manager	18 Years, 0 Months	12 Years, 6 Months	17 Years, 12 Months	12 Years, 0 Months	17 Years, 11 Months	11 Years, 9 Months
Total	11 Years, 3 Months	5 Years, 2 Months	10 Years, 7 Months	4 Years, 12 Months	12 Years, 1 Months	5 Years, 2 Months

### PERSONNEL TURNOVER\*

\* Thorntons retail workforce is excluded from the calculation of the turnover.

Europe	2020/21			2021/22		
	Outgoing	Incoming	Total	Outgoing	Incoming	Total
Women	Men	Total	Women	Men	Total	
<30	92	107	199	211	266	477
30 – 50	118	173	291	162	236	398
>50	170	265	435	15	24	39
Total	380	545	925	388	526	914
%	4.27	4.58	4.45	4.36	4.42	4.40

Europe	2021/22					
	Outgoing	Incoming	Total			
Women	Men	Total	Women	Men	Total	
<30	166	175	341	325	354	679
30 – 50	243	282	525	241	311	552
>50	194	284	478	42	47	89
Total	603	741	1,344	608	712	1,320
%	7.43	6.32	6.77	7.49	6.07	6.65

(A): data externally assured

## Empowering people (continued)

Europe	Outgoing			Incoming			Total
	Women	Men	Total	Women	Men		
<30	153	199	352	327	360		687
30–50	276	415	691	356	400		756
>50	199	302	501	61	84		145
Total	628	916	1,544	744	844		1,588
%	6.85	7.25	7.08	8.12	6.68		7.29

Extra-Europe	Outgoing			Incoming			Total
	Women	Men	Total	Women	Men		
<30	290	332	622	423	544		967
30–50	559	730	1,289	648	1,036		1,684
>50	153	243	396	56	132		188
Total	1,002	1,305	2,307	1,127	1,712		2,839
%	14.04	16.63	15.40	15.80	21.82		18.95

Extra-Europe	Outgoing			Incoming			Total
	Women	Men	Total	Women	Men		
<30	332	412	744	536	650		1,186
30–50	636	786	1,422	736	1,238		1,974
>50	154	149	303	177	266		443
Total	1,122	1,347	2,469	1,449	2,154		3,603
%	18.43	18.43	18.43	23.80	29.46		26.89

(A): data externally assured

## Empowering people (continued)

Extra-Europe	Outgoing			Incoming			Total
	Women	Men	Total	Women	Men		
<30	381	384	765	472	525		997
30–50	647	781	1,428	585	898		1,483
>50	135	192	327	242	225		467
Total	1,163	1,357	2,520	1,299	1,648		2,947
%	19.09	17.37	18.12	21.32	21.09		21.19

Group	Outgoing			Incoming			Total
	Women	Men	Total	Women	Men		
<30	382	439	821	634	810		1,444
30–50	677	903	1,580	810	1,272		2,082
>50	323	508	831	71	156		227
Total	1,382	1,850	3,232	1,515	2,238		3,753
%	8.62	9.37	9.03	9.45	11.33		10.49

Group	Outgoing			Incoming			Total
	Women	Men	Total	Women	Men		
<30	499	589	1,088	865	1,010		1,875
30–50	883	1,069	1,952	979	1,554		2,533
>50	348	434	782	219	313		532
Total	1,730	2,092	3,822	2,063	2,877		4,940
%	12.18	10.99	11.50	14.52	15.12		14.86

(A): data externally assured

## Empowering people (continued)

Group	Outgoing			Incoming			Total
	Women	Men	Total	Women	Men	Total	
<30	534	583	1,117	799	885	1,684	
30 – 50	923	1,196	2,119	941	1,298	2,239	
>50	334	494	828	303	309	612	
Total	1,791	2,273	4,064	2,043	2,492	4,535	
%	11.74	11.12	11.38	13.39	12.19	12.70	

(A): data externally assured

## Empowering people (continued)

### ABSENTEEISM

Our employees' absenteeism rate is calculated by counting the hours of absence due to illness and injury based on the total hours worked in the period under observation.

Blue collar absenteeism	2020/21	2021/22	2022/2023
Alba	4.75%	5.44%	4.68%
Alfreton	4.74%	5.69%	5.79%
Arlon	6.43%	7.17%	6.33%
Balvano	4.04%	4.82%	3.71%
Baramati	2.07%	1.83%	1.83%
Belsk	6.62%	8.05%	7.56%
Bloomington	7.92%	4.46%	3.56%
Brantford	9.06%	8.67%	7.79%
Cork	8.88%	8.60%	7.19%
Franklin Park	6.69%	3.38%	6.41%
Hangzhou	2.09%	1.67%	3.26%
La Pastora	3.46%	3.06%	2.12%
Lithgow	5.24%	5.59%	6.32%
Manisa	4.98%	5.32%	4.02%
North Canton	0.44%	0.66%	6.37%
Pocos De Caldas	4.26%	4.61%	3.85%
Pozzuolo Martesana	4.62%	6.47%	5.42%
Quito	5.27%	3.33%	2.19%
San Josè Iturbide	0.41%	0.56%	0.60%
Sant' Angelo dei Lombardi	5.66%	5.03%	5.11%
Stadtallendorf	8.68%	9.74%	9.13%
Villers – Ecalles	6.28%	7.64%	7.16%
Vladimir	6.69%	7.79%	7.91%
Walkerville	1.52%	1.54%	1.33%
Yaounde	3.05%	2.29%	0.70%

(A): data externally assured

## Empowering people (continued)

### TRAINING

	2020/21	2021/22	2022/23
Overall training hours	707,920	819,896	1,048,585
Training participations	272,914	360,410	397,623
Training participants	26,225	29,339	30,788
Training hours per capita*	19.7	21.8	26.14

\* Total training hours/Average FTE for FY 19/20

Countries with the highest number of training hours delivered are:	Number of Hours (2020/21)
Germany	105,556
Italy	87,928
Poland	65,006
United Kingdom	45,085
China	40,362

Countries with the highest number of training hours delivered are:	Number of Hours (2020/21)
Italy	132,188
Germany	96,074
United Kingdom	89,964
Mexico	81,738
Poland	45,616

(A): data externally assured

## Empowering people (continued)

Countries with the highest number of training hours delivered are:	Number of hours (2022/23)
Italy	204,380
Germany	127,715
USA	109,653
Mexico	96,371
Luxembourg	55,259

Gender	2020/21			2021/22			2022/23		
	Number of hours	% of training hours followed, by gender	training hours per capita, by gender	Number of hours	% of training hours followed, by gender	training hours per capita, by gender	Number of hours	% of training hours followed, by gender	training hours per capita, by gender
Female	280,434	39.6	17.38	353,376	43.1	20.72	447,117	42.6	25.38
Male	427,486	60.4	21.68	466,520	56.9	22.72	601,468	57.4	26.74
<b>Grand Total</b>	<b>707,920</b>	<b>100</b>	<b>19.76</b>	<b>819,896</b>	<b>100</b>	<b>21.83</b>	<b>1,048,585</b>	<b>100</b>	<b>26.14</b>

Hours of training by Category	2020/21				2021/22				2022/23		
	Group level	Number of hours	% of Total Training Hours Delivered	Delivered hours	Per capita	Number of hours	% of Total Training Hours Delivered	Delivered hours	Per capita	Number of hours	% of Total training hours delivered
Blue Collar		342,162	48.3	367,316	44.8	464,104	44.3				
Employee		270,062	38.1	342,533	41.8	445,649	42.5				
Middle Manager		69,171	9.8	76,942	9.4	114,820	11.0				
SM & above		26,525	3.7	33,105	4.0	24,013	2.3				
<b>Total</b>		<b>707,920</b>	<b>100</b>	<b>819,896</b>	<b>100</b>	<b>1,048,585</b>	<b>100</b>				

(A): data externally assured

## Empowering people (continued)

### OCCUPATIONAL HEALTH AND SAFETY

	2020/21	2021/22	2022/23
Frequency Rate – LDIR (1.000.000 hrs)	6	5.1	4.6 <sup>(A)</sup>
Frequency Rate – TRIR (1.000.000 hrs)	7.8	7.2*	5.9 <sup>(A)</sup>

The TRIR includes all lost-day injury cases, medical-treatment cases and restricted-work cases.

The LDIR is calculated including temporary workers, excluding commuting accidents.

Statistical data is on the occurrence of workplace accidents in the area considered, not including contractors and third-party business relationships.

\* Please note that the Total Recordable Incident Rate (TRIR) value has changed from the figure disclosed in the Sustainability Report 2022. The restatement of this figure is due to a change in the reporting perimeter: the Alzira site was in the process of integration at the time of the previous report's publication, but it is now fully integrated.

### KINDER JOY OF MOVING

	Unit	2020/21	2021/22	2022/23
Countries involved in the project	n.	28	33	34 <sup>(A)</sup>
Number of children reached	n.	2,566,077	2,582,252	3,492,121 <sup>(A)</sup>
Sport federations and associations involved	n.	121	131	131 <sup>(A)</sup>
Monetary investment on the project	€	10,469,118	10,880,492	11,418,373 <sup>(A)</sup>

(A): data externally assured

## Added Value

By "Added Value" we mean the economic value generated by our Group.

The "Net Added Value" in particular represents the economic value generated during the reporting period, net of depreciation and operating costs, which includes payments to suppliers (mainly for raw materials and services). As illustrated in the chart below, our Net Added Value for the period considered in this Sustainability Report is distributed in different ways to various internal and external stakeholders.

The item "Human Resources" includes all types of salaries and wages paid for work carried out by employees, including social and welfare contributions made by our Group.

The item "Capital Remuneration" includes the distribution of the net profit for the reporting year and the recognition of accrued interest.

The item "Public Sector" represents the amount our Group must pay to public bodies as corporation tax and other contributions directly connected to the Company assets, with the exclusion of taxes and additional costs relating to operations (duties and customs fees).

The item "Community" includes donations, gifts and investments in social projects and partnerships with universities and research centers.

Finally, the item "Enterprise System" represents the economic value retained in our Group: the difference between the generated economic value and the distributed economic value.

Added Value Generated	2020/21	2021/22	2022/23
Depreciation	5.37%	4.38%	4.50% <sup>(A)</sup>
Operating costs reclassified	66.36%	70.39%	69.09% <sup>(A)</sup>
Net Added Value	28.27%	25.53%	26.41% <sup>(A)</sup>

Added Value Distributed	2020/21	2021/22	2022/23
<b>Value Distributed</b>			
Human resources	62.56%	70.07%	66.42% <sup>(A)</sup>
Capital remuneration	17.59%	17.42%	22.29% <sup>(A)</sup>
Public sector	9.63%	9.17%	8.33% <sup>(A)</sup>
Community	0.85%	0.60%	0.71% <sup>(A)</sup>
<b>Value Retained</b>			
Enterprise system	9.37%	2.75%	2.24% <sup>(A)</sup>

(A): data externally assured

# External Assurance



## Independent Limited Assurance Report on a selection of Key Performance Indicators disclosed in the 2023 Sustainability Report

To the Board of Directors of  
Ferrero International S.A.

We have performed a limited assurance engagement with respect to a selection of Key Performance Indicators disclosed in the 2023 Sustainability Report (the "2023 Sustainability Report") of Ferrero International S.A. (the "Company" or "Ferrero") for the year ended 31 August 2023 as set out in the "Scope" section below.

### Scope

The scope of our work was limited to provide limited assurance over the selected Key Performance Indicators marked with the letter A ((A)) in the 2023 Sustainability Report and disclosed on pages from 80 to 99 of the 2023 Sustainability Report (the "Selected Information").

The Selected Information, which is marked with the letter A ((A)) in the Sustainability Report, is summarised below under different categories:

Category	Disclosed on page(s) (indicated below) of the Sustainability Report
Energy consumption	80
Greenhouse gas emissions	81
Water consumption and wastewater	82
Waste production	82
Packaging - recycled and renewable materials in packaging	83
Packaging - reusable, compostable or recyclable packaging	83
Packaging - designed for recycling	83
Plant Certifications	83, 87
Raw materials - Cocoa, Hazelnuts, Palm Oil, Sugar, and Eggs	84, 85
Nutrition - Repartition of products data records according to energy delivered by portion on marketed volumes	87
Nutrition – Product compliant with the IFBA sodium reduction targets	87
Nutrition - Core marketed volumes covered by Glycaemic Index analysis eligible for the Sustainability Report	87
Nutrition – Repartition of products data records according to the target eating occasions on marketed volumes	88
Internal and External Workforce data	89
Occupational Health and Safety	98
Kinder Joy of Moving program	98
Added Value	99

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Our assurance work was performed with respect to the year ended 31 August 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2023 Sustainability Report and, therefore, do not express any conclusion thereon.

### The Assessment Criteria

The Selected Information was prepared in accordance with certain sections of the Global Reporting Initiative (GRI) framework and additional methodologies defined by Company policies (together the "Assessment Criteria") for the year ended 31 August 2023, accompanying the Selected Information disclosures in the 2023 Sustainability Report.

Management considers the Assessment Criteria relevant for the purpose of the Company's business and for the ultimate users of the 2023 Sustainability Report.

### Responsibilities of the Board of Directors

The Board of Directors of the Company is responsible for:

- developing appropriate Assessment Criteria against which to assess the Selected Information and applying these consistently;
- ensuring that those Assessment Criteria are relevant and appropriate to the Company and its shareholders;
- designing, implementing, and maintaining internal control procedures that provide adequate control over the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate policies, and making estimates that are reasonable in the circumstances;
- the preparation of the Selected Information in accordance with the Assessment Criteria;
- the retention of sufficient, appropriate records to support the reported data and assertions included in the Selected Information.

### Inherent limitations

The Selected Information needs to be read and understood together with the Assessment Criteria which the Company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The selection of different but acceptable measurement techniques may result in materially different measurements.

# External Assurance continued



## Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, as adopted for Luxembourg by the CSSF, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a limited assurance conclusion on the Selected Information in the 2023 Sustainability Report based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the "International Auditing and Assurance Standards Board" (IAASB) as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Selected Information has not been prepared, in all material aspects, in accordance with the Assessment Criteria.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Assessment Criteria as the basis for the preparation of the Selected Information, assessing the risks of material misstatement of the Selected Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected Information.

In a limited assurance engagement, the procedures vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Within the scope of our engagement we did not perform an audit or a review on external sources of information or expert opinions, referred to in the Sustainability Report.

Within the scope of our limited assurance engagement, we performed, amongst others, the following procedures:

- we gained an understanding of the Selected Information and related disclosures;
- we gained an understanding of the Assessment Criteria and their suitability for the evaluation and/or measurements of the Selected Information;



- we gained an understanding of the internal control procedures in place supporting the gathering, aggregation, processing, transmittal of data and information and reporting of the Selected Information, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;
- based on that understanding, we assessed the risks that the Selected Information may be materially misstated and determination of the nature, timing and extent of further procedures;
- we inquired relevant Company management, personnel and third parties;
- we performed analytical procedures related to the Selected Information;
- we considered the significant estimates and judgements made by management in the preparation of the Selected Information;
- we performed limited testing, on a selective basis of evidence supporting the reported Selected Information and assessed the related disclosures.

## Limited Assurance Conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Selected Information for the period from 1 September 2022 to 31 August 2023 has not been prepared, in all material aspects, in accordance with the Assessment Criteria.

## Restriction on Use and Distribution of our Report

This report, including the opinion, has been prepared for and only for the Board of Directors in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 22 May 2024

Tal Ribon  
Réviseur d'entreprises agréé

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