FERRERO

Ferrero Sustainability Report 2024

Welcome to the 16th 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 Sustainability Report describes our approach to and performance on Ferrero's most material sustainability issues, that were identified through our latest double materiality assessment published in May 2024.

This year's report covers the fiscal year from 1st September 2023 to 31st August 2024.

Read more about our methodology in the About this report section on page 87.

Find us online at:
https://www.ferrero.com/

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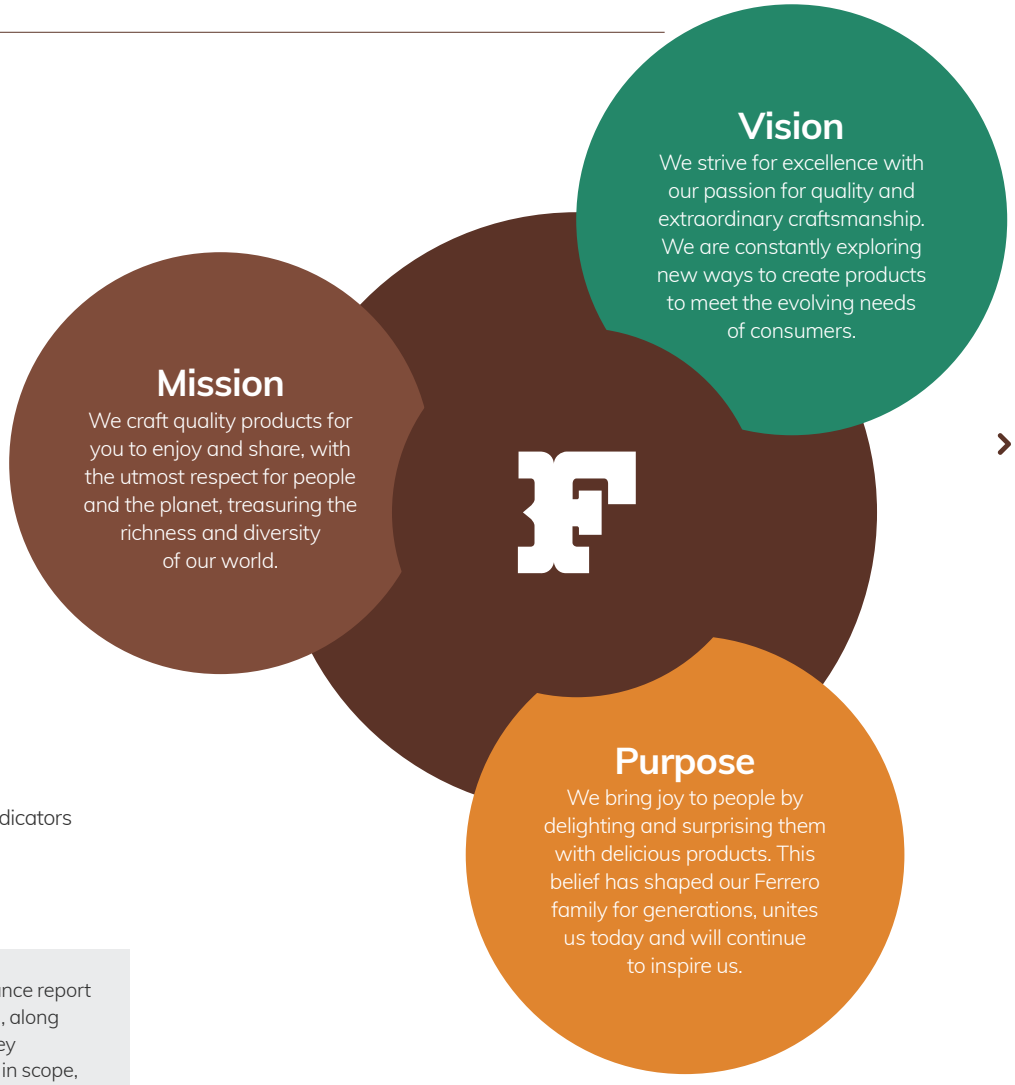


Executive Chairman's letter

Giovanni Ferrero,
Executive Chairman,
Ferrero Group

It is with renewed pride that I present you our 16th annual Corporate Sustainability Report, for Ferrero International and its subsidiaries.

With confidence I invite you to explore this report and learn about how our work in social and environmental sustainability has evolved along our value chain during 2024. Our annual report addresses the four key pillars of our sustainability framework: protecting the environment; sourcing ingredients sustainably; promoting responsible consumption; and empowering people.

The Ferrero Group is one of the key global players in the food industry and, as such, recognizes how critical it is to safeguard nature tor future generations. With 39 brands produced across 37 factories, and products sold in more than 170 countries we take that responsibility seriously.

Sustainability is an integral part of the Group's long-term strategy. Our daily actions reflect this through respect for people, excellence in products, social responsibility, and commitment to communities.

Despite the backdrop of subdued global economic growth across multiple industries and geographies, coupled with persistent inflationary pressures, our Group has continued on its growth trajectory over this past year. This achievement is a testament to the strength of our strategy, the resilience of our business model, and the unwavering commitment of our teams around the world.

We remain vigilant, however, as geopolitical tensions continue to cast uncertainty over the global macroeconomic landscape. The evolving environment-marked by geopolitical conflict, abrupt regulatory shifts, and trade uncertainties-demands agility, foresight, and a steadfast commitment to our values.

It is increasingly evident that organizations which embody resilience, uphold responsibility, and maintain a long-term strategic vision are best positioned to generate sustainable value for society. Moreover, such organizations are more likely to secure the enduring social license to operate. Aligned with this perspective, our company remains focused on its mission to craft products of the highest quality for consumers to enjoy and to share, with the utmost respect for people and the planet, while treasuring the richness and the diversity of our world.

As we look ahead, we remain committed to navigating global complexities with purpose and integrity.

Giovanni Ferrero
Executive Chairman, Ferrero Group

Chief Executive Officer's letter

Lapo Civiletti,
Chief Executive Officer,
Ferrero Group

During fiscal year 2023/2024, we made steady progress in our sustainability agenda. I am particularly proud of the ongoing steps we are taking to achieve our long-term commitments.

We are making significant efforts to enhance the traceability of our key ingredients and improve our supply chain visibility. Currently, over 90% of our ingredients can be traced back to their origin, including 94% of our hazelnuts. Additionally, 97% of the palm oil we source is verified as deforestation-free.

To advance our commitments to promoting human rights, preventing and eliminating child labour in commodities where this is a risk, we continue to collaborate with governmental and non-governmental organisations. Our program with the International Labour Organization (ILO) in the hazelnut supply chain successfully reached over 3,000 children of seasonal agricultural workers, while in Ivory Coast, our partnership with Save the Children reached nearly 47,000 children and adults in cocoa-sourcing areas.

We are also committed to developing science-based, category specific nutrition guidelines to drive product innovation and monitor our portfolio's nutritional composition, under the guidance of the Nutrition Board, established in 2024.

We continue to work on decarbonisation across our business, in line with the Paris Agreement goal of limiting global warming to 1.5 °C. Our scope 1 and 2 greenhouse gas emissions are more than 20% lower in absolute terms compared to fiscal year 2017/18. We have expanded the use of renewable energy, invested in energy efficiency, and increased the use of low carbon fuels. Additionally, over 92% of our packaging is now designed for recycling.

I am honoured that we have been recognised externally for our progress across many areas. The Global Child Forum's report, The State of Children's Rights and Business 2024, placed Ferrero among the leading companies exhibiting best practice in protecting and advancing children's rights. We have also received the I&D Ally Award at the World 50 Group Inclusion and Diversity Impact Awards, reflecting our ongoing efforts to create an inclusive culture where all colleagues can contribute to the success of our company. Our work in the palm oil supply chain was recognised by the World Wildlife Fund (WWF), placing us 2nd out of 285 companies in the Palm Oil Buyers Scorecard. CDP evaluated our climate disclosure with a B score, which is above our sector average. We have also joined the Towards Net Zero Coalition of the Consumer Goods Forum.

We have successfully advanced our sustainability journey while maintaining strong financial stewardship across the company. The Ferrero Group closed the fiscal year with a consolidated turnover of EUR 18.4 billion, representing an 8.9% increase compared to the previous year. This solid performance achieved despite volatile commodity prices and ongoing inflationary pressures-highlights the resilience of Ferrero's business model, the strength of our brands, and the commitment of our employees.

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

Lapo Civiletti
Chief Executive Officer, Ferrero Group

About Ferrero Group

Ferrero began its journey in the small town of Alba in Piedmont, Italy, in 1946. Today, we are one of the world's largest sweet-packaged food companies, with 39 brands. The Ferrero Group brings joy to people around the world with much-loved treats and snacks, including our iconic brands: Nutella, Kinder, Tic Tac and Ferrero Rocher.

KEY FIGURES FOR FY 2023/24

€18.4bn
Consolidated turnover

1.59m
Total production (tonnes)

37
Manufacturing plants

+170
Countries in which our products are sold

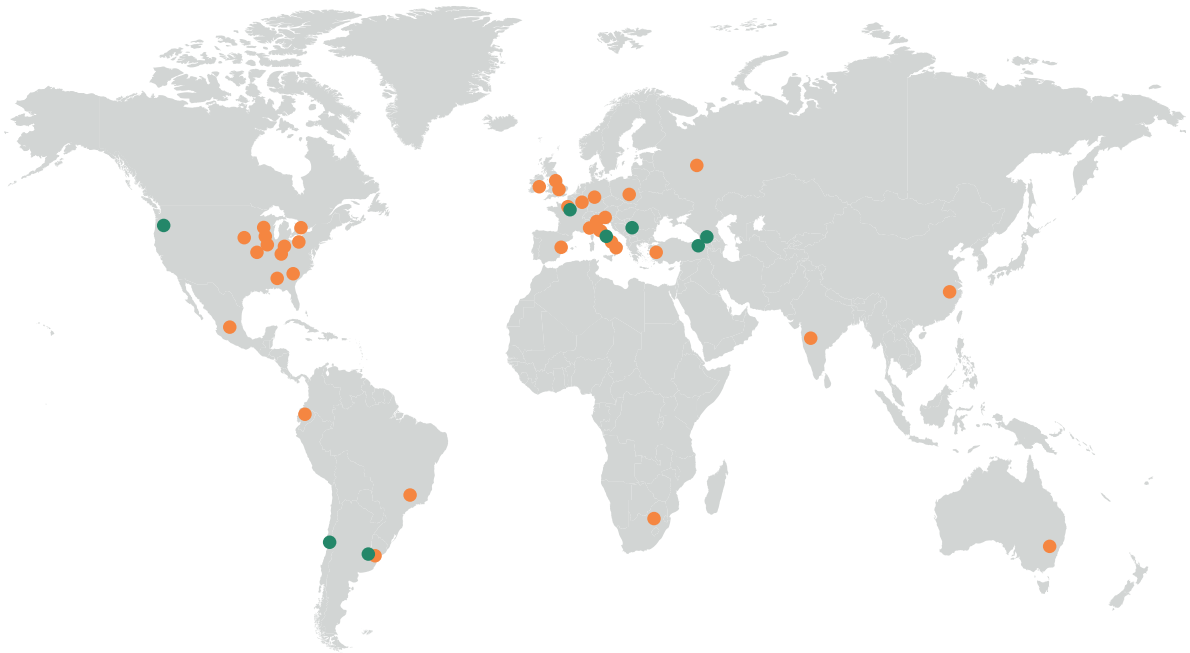
47,517
Total employees

50
Countries Ferrero Group is present in

OUR GLOBAL PRESENCE

Ferrero Group is present in more than 50 countries with 37 manufacturing plants across four geographic areas.

● MANUFACTURING PLANTS
● HAZELNUT COMPANY



FERRERO MANUFACTURING PLANTS[1]

Argentina: La Pastora
Australia: Lithgow
Belgium: Arlon
Brazil: Poços de Caldas
Canada: Brantford
China: Hangzhou
Ecuador: Quito
France: Villers-Écalles
Germany: Stadtallendorf, Faulbach
India: Baramati
Ireland: Cork
Italy: Alba, Pozzuolo Martesana, Balvano, S. Angelo dei Lombardi, Castel d'Ario, Caivano
Mexico: S. José Iturbide
Poland: Belsk Duzy
Russia: Vladimir
South Africa: Walkerville
Spain: Alzira
Türkiye: Manisa
United Kingdom: Alfreton, Halstead
U.S.: North Canton, Bloomington, Franklin Park, Louisville, Florence, Augusta, Chicago, Le Mars North, Le Mars South, Henderson, Dunkirk

FHCo FERRERO Hazelnut Company
Türkiye
Chile
U.S.
Italy
France
Georgia
Argentina
Serbia

1 The production plants in scope for FY 2023/24, unless stated otherwise in the report, exclude Alzira, Castel d'Ario, Halstead, Le Mars North, Le Mars South, Henderson, Dunkirk, Caivano, Faulbach, and Vladimir.

Our key achievements in the year

September 2023

Our Balvano plant produces its first million quintals of Nutella biscuits.

October 2023

Launch of Kinderini

The new biscuit line from Kinder, crafted to be parents' favourite choice for bringing joy to their children. These delightful biscuits feature two layers of soft dough, filled with a rich cocoa and milk blend, topped with our signature Kinder Cream.

100th

Butterfinger's anniversary

This iconic candy bar, produced in Franklin Park plant and loved by generations of consumers, has turned 100 years old.

110th

Anniversary of Wells

With 110 years of history, Wells has become one of the leading ice cream and novelty manufacturers in the United States.

January 2024

Ferrero is recognised for its best practice in the Child's Rights Benchmark of The Global Children Forum, ranking 12th out of 1,108 assessed companies and 4th in the Food & Beverage sector.

February 2024

Ferrero celebrates

Nutella turns 60 years

Nutella marks its sixth decade of spreading positivity, feeding togetherness, and bringing unbeatable taste and enjoyment around the world.

February 2024

Ferrero celebrates

50 years of Kinder Surprise

For five decades, Kinder Surprise has continued to bring families playful, celebratory moments that spark delight and wonder around the world.

Key

- New products/new category launches
- Codes/progress report updates/new or updated policies/charters
- Programmes for employees
- New plants/centres

March 2024

The Ferrero team received the I&D Ally Award at the World 50 Group Inclusion and Diversity Impact Awards 2024.

The Famous Amos team was recognised with the I&D Ally Award at the World 50 Group I&D Impact Awards 2024 for their Ingredients for Success Entrepreneurs Initiative and Grant Program.

April 2024

2024 WWF Palm Oil Buyers Scorecard, which evaluates global companies' efforts on sustainable palm oil, has recognised Ferrero's long-standing commitment to sourcing and promoting sustainable palm oil. Ferrero is considered to be leading the way in sustainable palm oil, ranking 2nd out of 285 companies, with a score of 22.9 out of 24.

May 2024

The opening of Ferrero's new 70,000 square feet manufacturing campus in Bloomington, Illinois.

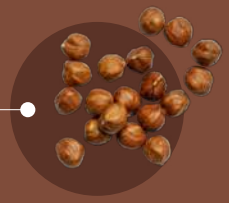
The facility is the Group's first chocolate processing plant in North America and third globally. In this plant we produce chocolate used in iconic products like Kinder, Ferrero Rocher, Butterfinger, and CRUNCH, and now house a new Kinder Bueno production facility.

Inauguration of the second processing facility of AgriChile, local affiliate of Ferrero Hazelnut Company (HCo) in San Gregorio, Ñiquén, Chile.

July 2024

Launch of the new Nutella Ice Cream

Ferrero's latest innovation in the ice cream category. This new product is the first packaged ice cream by Nutella: a combination of Nutella's unique taste and melt-in-your-mouth creaminess with the smoothness of ice cream, in a pot format.



July 2024

Publication of the new Ferrero Hazelnut Charter (2024-2026) which continues and improves Ferrero's commitments towards a more sustainable hazelnut value chain.

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.

See page 38

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 60

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 30

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 58

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.

See page 30

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, reduce greenhouse gas emissions (GHG) and water consumption, and increase circularity across our manufacturing plants and for our packaging.

Sourcing ingredients sustainably

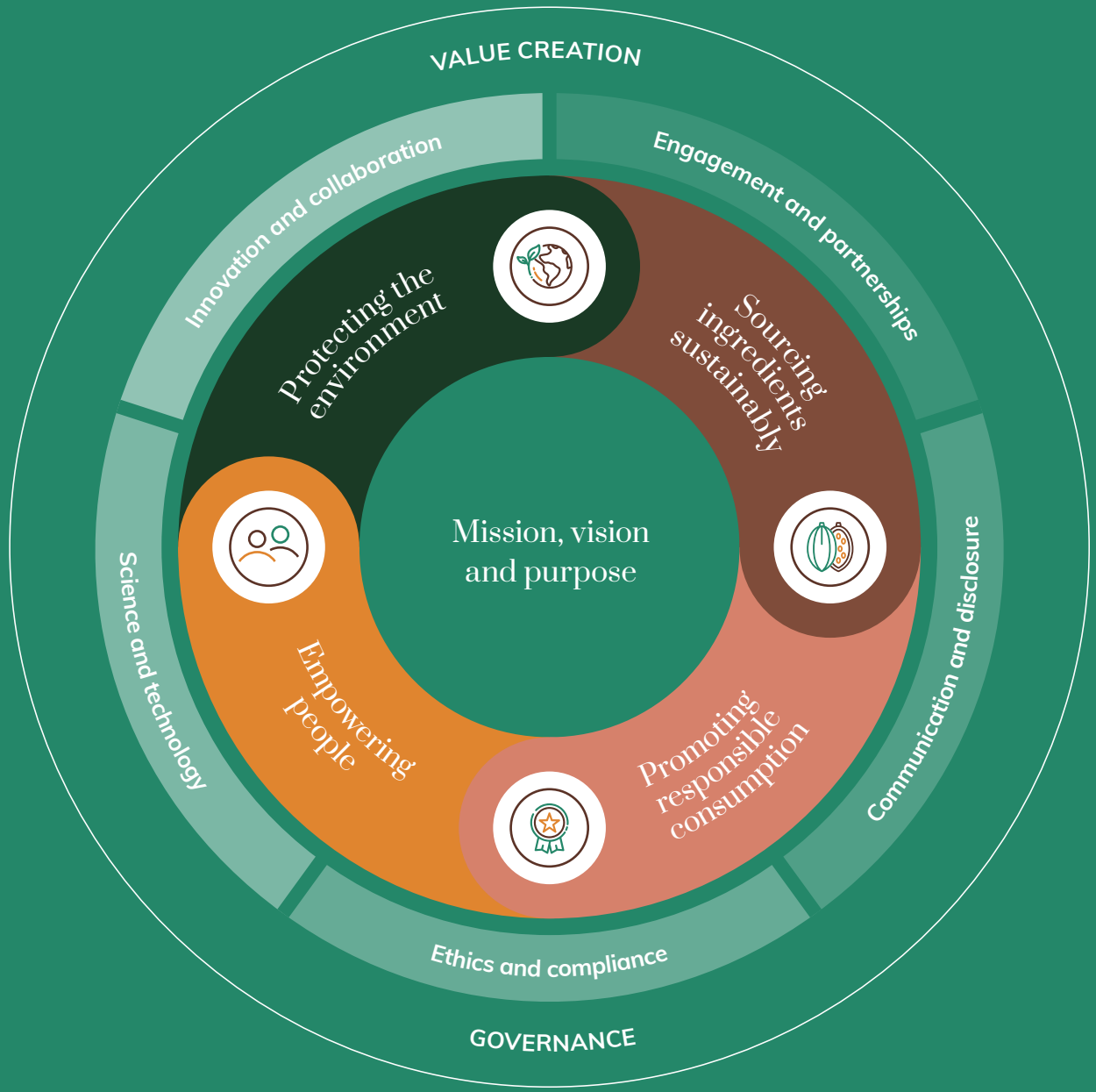
We aim to create a thriving supply chain which benefits farmers' livelihoods and communities, protecting people and nature. Responsible sourcing is our procurement's way of doing business, and the way we aim to build and expand supply chains across all categories. Science and technology are levers to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

Promoting responsible consumption

We produce and market some of the world's best-loved confectionery products, and we strive to always offer high-quality and fresh products, which requires higher 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 our achievements during the fiscal year 2023/24:

Protecting the environment

MATERIAL TOPICS

- Climate action
- Plastic and packaging
- Water management
- Industrial and food waste

Climate action

- Absolute emissions reduction of Scope 1 and Scope 2 by 21.7% compared to fiscal year 2017/18, while increasing production.
- Continued expansion of self-generated renewable electricity.
- Over 90% of electricity certified renewable was purchased worldwide.
- Successful pilot results in decarbonising transportation in Europe.

Water management

- Continued decrease in water withdrawal ratio by 0.7%.
- Assessment of the Ferrero water footprint.

Industrial and food waste

- We continue to exploring new ways of using our waste materials, working with suppliers and other industry sectors.

Plastic and packaging

- Continued reduction of the virgin plastics used in our redesigned Ferrero Rocher 24-piece box produced in Europe.
- We progressed in our journey from multi-material to mono-material flexible films: conversion of single wrapped portion Kinder Bueno produced in Poland, and Kinder Choco Fresh, Fiesta and Kinder Delice single wrapped portions are completed.
- We are replacing hard-to-recycle plastic, reducing the consumption of virgin plastic: Ferrero Rocher 24-piece redesigned box roll-out in North America and Ferrero Rocher 16- and 30-piece box roll-out in China.

Corporate advocacy and industry collaboration

- In December 2023, the Ferrero team took part in a real-time AI-based waste sorting demonstration at industrial scale, as a result of two years of great work by Perfect sorting consortium.

Sourcing ingredients sustainably

MATERIAL TOPICS

- Human rights in the supply chain
- Protecting biodiversity, sustainable agriculture and preventing deforestation
- Animal welfare
- Farmer livelihoods and community development
- Transparent supply chain

Human rights in the supply chain

- Respect the rights of farmers, workers and their households, providing a fair and safe environment and working conditions, continuing our strong focus on women's empowerment and further strengthening of child protection systems.

Protecting biodiversity, sustainable agriculture and preventing deforestation

- In collaboration with Sustainable Agriculture Network (SAN), we seek to leverage the power of nature to restore and boost ecosystem services and biodiversity in our palm oil sourcing landscapes.
  In 2023/24, the project delivered field results on cost-effective habitat establishment for beneficial plants and insects, accompanied by a scientific publication to share insights – laying the foundation to further scale nature-based solutions for palm oil.

Farmer livelihoods and community development

- Through our partnerships with Save the Children, Earthworm, and International Labour Organization (ILO), we engaged with local communities where we source cocoa, palm oil and hazelnuts.
  We also engaged with local non-governmental organisations (NGOs) to support their efforts on the ground.

Transparent supply chain

- We achieved high levels of traceability, standards and certifications across our key commodities.

Our sustainability progress continued

Below we have outlined our achievements during the fiscal year 2023/24:

Promoting responsible consumption

MATERIAL TOPICS

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

Product nutrition

- Offering most of our products in carefully defined serving sizes.
- Under the guidance of the Nutrition Board, we are developing science-based, category-specific nutrition guidelines to drive product innovation and monitor our portfolio's nutritional composition. In collaboration with public health experts, these guidelines will consider nutrition science, taste and dietary recommendations.

Product and ingredient safety

- 100% Ferrero plants certified against Global Food Safety Initiative (GFSI) recognised Standard.
- Zero critical non-conformities detected during FSSC22000 audits.
- 736 supplier audits performed.
- 922,714 store visits carried out worldwide to monitor the quality of our products up to the last mile in stores.
- 42,980 learning hours were delivered to 5,300 participants.

Responsible marketing and communication

- Our overall compliance rate was 98.93% for television advertising and 88.89% for online advertising.

Empowering people

MATERIAL TOPICS

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

Employee satisfaction and development

- People Development Framework was launched to systematically identify, access and grow talent across the organisation.

Occupational health, safety and wellbeing

- New Health & Safety training was rolled out for Operations Managers, starting with leadership teams across several productional sites. In the coming year, we aim to reach all Line Managers.
- Over 4,000 employees worldwide were engaged in the Global Kinder Joy of moving Step Challenges to embrace active living.

Diversity, Equity & Inclusion (DE&I)

- The DE&I commitment was reaffirmed by (reforming or expanding) the Group DEI Council, now including seven members of the Group Management Team and a cross-functional Operating Committee.

Kinder Joy of moving

- Over 3.7 million children engaged worldwide, with annual investments exceeding 13 million euros.

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. Mr. Ferrero leads the Strategic Team, Group Leadership Team, 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 SUSTAINABILITY BOARD

The Group Leadership Team Sustainability Board is responsible for the executive oversight of implementing Ferrero Group's Sustainability long-term guidelines, including the Group's human rights approach.

SUSTAINABILITY EXECUTION COMMITTEE

The Sustainability Execution Committee is delegated by the Group Leadership Team and composed of members of the Group Management Team. The Committee is responsible for overseeing the execution of the Sustainability long-term guidelines, providing observations on the implementation of Ferrero's human rights approach and endorsing relevant human rights projects and initiatives.

SUSTAINABILITY OPERATIVE COMMITTEE

The Sustainability Operative Committee comprises managers across cross-functional departments who are responsible for coordinating and collaborating with internal stakeholders and external expert advisors to ensure the effective implementation of human rights strategy and initiatives.

Governance continued

Group Leadership Team

The Group Leadership Team (GLT), under the guidance of the Executive Chairman, is responsible for steering 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 Sustainability ambition and strategy, and the Ferrero Sustainability Report, and periodically assesses the execution of sustainability-related initiatives.

The GLT reviews and approves the Strategic Long-Term Guidelines, prepared annually by the Strategy & Innovation team. Those guidelines include the Group's Sustainability strategy, prepared by the CSR & Sustainability function 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. The Audit Committee has oversight over Ferrero's Sustainability Report.

Strategy & Innovation team

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

Chief Executive Officer

The CEO is responsible for ensuring that the Group achieves its short and medium-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.

Group Management Team

The CEO leads the Group Management Team, 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

Governance continued

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, people and organisation, brands social responsibility (marketing strategy for global brands), corporate risk management, legal, corporate communications, Group public policy centre, responsible sourcing in procurement, finance, 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 oversight over the structure and content of the Sustainability Report and approves the document before its publication.

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 reports to the Chief Strategy and Innovation Officer and 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.
- Developing long-term corporate sustainability projects.
- Developing and maintaining a transparent reporting system.

Nutrition Board

In 2024, we reviewed our nutrition governance structure to align with our evolving business. As a result, we established the Ferrero Nutrition Board to oversee nutrition governance and strategy. The Board is sponsored by the Chief Strategy and Innovation Officer and includes Ferrero Senior Top Management and other relevant stakeholders.

"With social and environmental sustainability fully engrained across the business strategy, it is important to secure strong governance with regular and frequent engagement. At Ferrero, sustainability governance has been built with broad visibility of risks and opportunities, enabling cross-organisational ownership of sustainability programmes and a connection among the heads of functions, and all the way to the CEO and the Executive Chairman."

Mario Abreu, Head of Corporate Social Responsibility and Sustainability

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 in 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 describes 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 or 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

At Ferrero, cybersecurity is a fundamental component of business continuity, resilience, and sustainable growth. Our dedicated cybersecurity team works proactively to protect digital assets, sensitive information, and personal data of both employees and consumers, ensuring the protection of critical business processes with a comprehensive security strategy.

The Ferrero Cybersecurity Risk Management Framework integrates cybersecurity by design across Information Technology and Operation Technology environments, ensuring proactive risk mitigation and operational resilience. A strong culture of awareness is key to our approach. Through ongoing training and education, we equip employees with the knowledge to uphold cybersecurity standards and address potential threats.

Trust and integrity are at the core of our cybersecurity strategy. We demonstrate proactivity in safeguarding the information of our customers and suppliers, ensuring their data remains secure while fostering a resilient and adaptable digital environment. By doing so, we protect business operations, enhance stakeholder confidence, and support the long-term sustainability of our organisation in an evolving digital landscape.

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 is 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.

Engaging with our stakeholders

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 stakeholders, including:

- 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 and international and expert organisations that can influence 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 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.

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.

At Ferrero, we strongly believe that a continuous and constructive dialogue with our stakeholders will improve our sustainability practices and programmes. In this respect, we constantly create new opportunities for collaboration with our stakeholders' network including, among others, scientific communities, civil society and academia, because they represent a crucial tool for our sustainability path.

Engaging with stakeholders is crucial for several reasons:

- It fosters better decision-making, builds trust, enhances reputation, and mitigates risks, ultimately leading to more successful outcomes.
- It provides access to a wider range of perspectives and insights, leading to more informed and balanced decisions.
- It demonstrates a commitment to transparency and open communication, building credibility.
- It fosters stronger relationships, which can lead to greater support and collaboration.
- It allows for the identification and addressing of potential risks and challenges before they escalate.

See Annex II for the list of Ferrero's stakeholders on page 98.

FOCUS ON: STAKEHOLDER 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 establishes clear lines of responsibility in case of non-adherence to legal and ethical standards and violation of the Company's integrity principles.

Engaging with our stakeholders continued

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.

"The agreement signed between OAS and Ferrero represents the shared vision of the OAS and Ferrero to work hand-in-hand to make a positive social impact through sports and inclusive initiatives. It is a first step, and we are certain that it is a solid framework for the work that lies ahead. Like Ferrero, we firmly believe that instilling a positive attitude towards movement in today's children will shape them into active and healthy adults in the future."

Luis Almagro, Secretary General of the Organization of American States, OAS

"Our partnership with Ferrero has delivered real change, supporting the withdrawal of children from hazardous work and reaching thousands through awareness and capacity-building efforts. These actions contributed to the implementation of SDG Target 8.7 and ILO Conventions 138 and 182 in Türkiye. Critically, this work helped Türkiye achieve Pathfinder Country status in April 2024, marking a key milestone in the global fight against child labour. This project is a strong example of how public-private collaboration can turn shared commitments into concrete, lasting impact."

Philippe Vanhuynegem, Chief of the ILO Fundamental Principles and Rights at Work Branch

"Our partnership with Ferrero witnesses the power of a long-term collaboration rooted in shared values and vision. By addressing the root causes of child labour in cocoa-growing communities in Ivory Coast, we are not only protecting children's rights today but also building the foundations of a more just, inclusive, and sustainable future. This partnership goes far beyond funding: it is a holistic and multi-stakeholder commitment that involves time, people, and a deep engagement with families, local institutions, and communities. Together, we have reached tens of thousands of children and caregivers, strengthening access to education, child protection systems, and community resilience. The impact we are creating is both transformative and tangible, and it shows what becomes possible when courage, commitment, and collective action come together to tackle inequality at its roots."

Daniela Fatarella, CEO, Save the Children Italy

Protecting the environment

Key achievements

- Absolute emissions reduction of Scope 1 and Scope 2 by 21.7% while increasing production
- Purchased worldwide electricity certified renewable up to 90%
- Assessment of Ferrero's operational water footprint
- Ferrero's Framework for Prioritising Nature was developed
- Successful pilot results in decarbonising transportation in Europe
- Continued reduction of the virgin plastics used in our redesigned 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

How we align with the SDGs

Protecting the environment continued

Introduction

Ferrero is committed to operating in an environmentally sound and sustainable manner. We implement robust procedures, programmes, and practices to prevent, manage, and reduce our environmental and climate impact across our operations and value chain. By adopting a precautionary and lifecycle approach, we aim to minimise harm and prioritise sustainability.

We focus our efforts through risk and materiality assessments, setting ambitious goals for continuous improvement and increased environmental efficiency such as reduction of carbon emissions, energy, and water consumption; renewable energy sourcing; logistics effectiveness; circularity enhancement in manufacturing and packaging; and industrial, food and packaging waste reduction.

Transitioning to a more sustainable business model is essential for mitigating and adapting to climate change, as well as for the sustainable management of natural resources. This transition is crucial for ensuring future food, environmental, and climate security.

We continuously monitor the environmental impacts of our manufacturing operations and logistics and the resources used in our products and packaging. Our ongoing commitment drives us to improve the quality of our information and align with global emissions-reduction trajectories.

Our approach

Our strategy embraces a preventive approach to managing risks and opportunities from both our direct and indirect operations, prioritising the wellbeing of people and the ecosystem. We evaluate the climate impact of our products, logistics, and packaging across our entire value chain, focusing on areas where we can make the most significant difference. Additionally, we meticulously oversee the environmental impacts associated with the supply chain of our raw materials. Consequently, we have identified key areas for investigation within our business.

KEY FOCUS AREAS

Climate and energy
Continuous reduction of our carbon footprint by decreasing greenhouse gas (GHG) emissions across our operations and entire value chain. We enhance energy efficiency in all sectors through targeted projects.

Nature
One of our priorities has been to assess and map our impacts and dependencies related to nature, covering water, biodiversity, and land, across our business. A global framework of action – Ferrero's Framework for Prioritising Nature – has been developed, outlining primary impacts and risks with prioritised actions to address them.

Packaging design and the circular economy
Contributing to the transition toward a circular economy by designing packaging to be recyclable and to minimise waste.

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.

Water ambition and management
We have carried out the Water Corporate Footprint to quantify water use (consumption and pollution) and a water risk assessment to map and prioritise geographical locations and areas across the value chain. We use water responsibly in our production processes to ensure reduced withdrawals.

Protecting the environment continued

Industrial plants' ISO certifications and auditing

Protection of the environment is an essential component of how Ferrero operates. Full compliance with relevant environmental and energy laws, regulations and site permits is a non-negotiable way of doing business. Particular attention is paid to the efficient use of resources, including water, waste management and biodiversity protection. To meet the objectives regarding 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.

To ensure our ISO 14001 and ISO 50001 management system constantly meets the Group requirements, we audit the certified sites regularly. For both ISO certification schemes, we have an internal programme in place that supports continuous improvement and ensures alignment with ISO standards by promoting cooperation among personnel, fostering their professional development, and facilitating the exchange of know-how and best practices within the Group.

In addition, we regularly audit our industrial plants and warehouses directly managed by the Group with the Sedex Members Ethical Trade Audit (SMETA) ethical-audit methodology four pillars approach, covering labour standards, health and safety, environment and business ethics.

In particular, the environmental pillar of the SMETA assesses environmental performance and compliance with relevant environmental laws and regulations.

ISO 14001 AND ISO 50001 CERTIFICATIONS

certified in accordance with ISO 14001

certified in accordance with ISO 14001 and ISO 50001

FOCUSING OUR EFFORTS ON NATURE

As a leading sweet-packaged company, Ferrero is highly dependent on a thriving nature and the critical services that nature provides – such as clean water, regulation of the weather, fertile soil, and pollination. In 2023/24, Ferrero embarked on the development of a framework of action for nature, with the purpose to map and outline how we can contribute to halting and reversing the loss of nature. Collaborating with The Biodiversity Consultancy, we assessed and mapped our impacts and dependencies related to nature, covering pressures on water, biodiversity, and land. Various methods were applied, including LCA, ENCORE, and land and biodiversity footprinting, as well as a site-specific, GIS-based analysis of impacts and risks across our own operations, our hazelnut farms, and the supply chains of our key raw materials. Data was collected across the business, taking full advantage of the high level of traceability we have for our key ingredients. With these assessments, we came to a better understanding of the drivers of nature loss across our business and where we may face risks and opportunities related to,for example, water scarcity and pollution or where our production and sourcing intersects with biodiversity hotspots and ecosystem degradation. These insights were used to develop a framework of action for nature, outlining our primary impacts and dependencies as well as actions to address them. The framework builds on Ferrero's longstanding commitment to environmental stewardship and provides a science-based direction of travel for Ferrero to prioritise nature as a business – informing our strategy for water stewardship, regenerative agriculture, biodiversity conservation, and resilient food systems.

Climate change

Climate change is shaping our planet in an accelerated way humanity has never experienced before. Change of climate and nature degradation are shifting consumption patterns and exacerbating supply chain disruptions, creating both risks and opportunities for food producers. The imminent risks for food producers include the unpredictability of harvests, due to both extreme weather events and farmers' resilience to climate change, and the ability to anticipate the expected pace of change.

Our contribution to combating climate change started by setting Science Based Targets back in 2020, and now in accordance with the updated Greenhouse Gas Protocol we are going to submit new FLAG and non-FLAG targets for approval.

We are confident in reaching our 2030 reduction targets through continued efforts to further reduce emissions from our factories, offices, and warehouses. This includes increasing our purchase of renewable energy and introducing sustainable alternative fuels.

Beyond aiming to reach these targets, Ferrero is committed to maximising its contribution to limiting its impact on the planet. We are developing a comprehensive Carbon Reduction Transition Plan. For Scope 1, this includes further electrification of our factories and reducing dependence of our production processes on high-carbon fuels like natural gas. For Scope 2, we are investing in ways to generate our own renewable electricity and supporting clean energy goals by developing Power Purchase Agreements (PPA), followed by Renewable Energy Certificates (RECs).

While our Science Based Targets initiative (SBTi)-approved targets are set with a 2030 horizon, we are committed to continue reducing value chain emissions beyond 2030.

In 2024, Ferrero joined the Towards Net Zero Coalition of Action of Consumer Goods Forum (CGF). This membership marks an important commitment to collaborating with other global industry leaders to drive progress toward a carbon-neutral future. Given the significant growth of Ferrero's production since 2018, and knowing that raw materials, ingredients, packaging, and logistics dominate our overall carbon emissions, we are accelerating abatement measures across the entire supply chain to address Scope 3 emissions.

GHG emissions

To meet the first goal, we created a thorough plan to lower emissions from our factories, warehouses, and main headquarters. 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. This includes 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

In order to reduce our Scope 1 emissions we focus on three priorities areas: investments in energy-efficient technologies, increasing the amount of renewable energy produced locally, and working toward the use of low-carbon alternative fuels. For more information, read our approach to energy management on page 25.

SCOPE 2

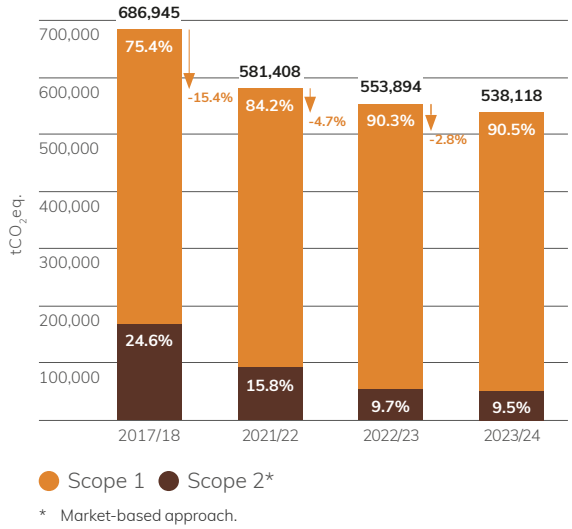
At the end of fiscal year 2023/24, 23 of our plants used 100% renewable electricity from the grid. As a result, 90% of the total electricity purchased for our manufacturing and warehouse facilities came from renewable sources. We have extended our renewable energy procurement for the Walkerville facility in South Africa. This year's report also incorporates our Augusta, Florence, Louisville, Chicago, and North Canton plants in the USA, all of which have been purchasing Renewable Energy Certificates (RECs) since the 2022/23 fiscal year.

In recent years, Ferrero has experienced remarkable growth.

The production output has seen a substantial continued increase since 2018. By the end of 2023/24, we have achieved an absolute reduction in Scope 1 and Scope 2 GHG emissions of 21.7% compared to fiscal year 2017/18.

The figures in the graph have been restated to reflect the perimeter of FY 2023/24, which is specified in the About this report section.

SCOPE 1 AND 2 EMISSIONS



* Market-based approach.

Climate change continued

SCOPE 3

Scope 3 emissions constitute the largest portion of Ferrero Group's carbon footprint, making their reduction the most complex and challenging aspect of our sustainability efforts.

We have completed a project to enhance our carbon accounting, ensuring improved data sourcing, transparency, and accuracy. This initiative also involves shaping the sustainability governance and procedures for integrating our latest acquired companies into our Group carbon accounting and abatement strategy standards.

A key element of this project is the disaggregation of FLAG Scope 3 emissions targets, setting new goals for reducing Scope 3, for both FLAG and non-FLAG emissions. These goals will be submitted for approval by the SBTi later in 2025.

Given the importance of Scope 3 emissions for Ferrero, implementing effective abatement measures is critical to our Carbon Reduction Transition Plan.

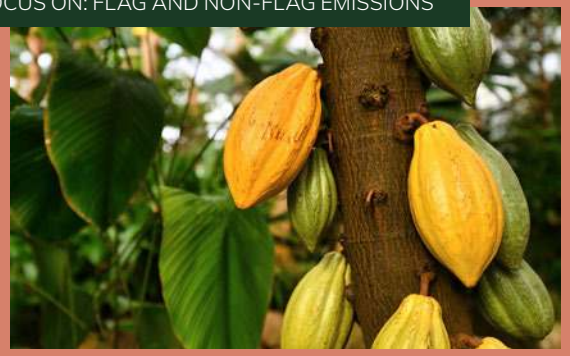
FOCUS ON: OUR CDP PARTICIPATION

For the third consecutive year, we have disclosed our sustainability achievements to CDP. CDP results show that we have maintained a score of B for Climate Change, consistent with last year. We have also made significant progress in the Governance category by establishing a new Climate Governance organisation, and in the Opportunity Disclosure and Verification categories. However, it is evident that further efforts are needed to close the gaps in Emission Reduction Initiatives and Risk Disclosure. These areas will be addressed in our Carbon Reduction Transition Plan, which is currently under development.

This year marks our first disclosure on Water Security and Forests, where we have achieved scores of B- and B, respectively. The primary area for improvement identified is to enhance our value chain engagement.

CDP DISCLOSER 2024 CORPORATE

FOCUS ON: FLAG AND NON-FLAG EMISSIONS



In line with the new guidelines on the GHG Protocol, we have separated our Scope 3 emissions into FLAG (Forest, Land, and Agriculture) and non-FLAG categories. During the fiscal year 2023/24, we focused on understanding the emissions embedded in our raw materials for Scope 3 FLAG. This was achieved through a partnership with a carbon accounting platform to enhance data reliability and accuracy.

With regards to non-FLAG emissions, we are developing a roadmap for decarbonising our logistics network. This includes defining optimised reduction curves by geography, incorporating sea transport in collaboration with leading suppliers, and utilising multimodal solutions that combine trains and inland ships for medium to long distances. We are also evaluating the use of alternative fuels, such as hydrotreated vegetable oil and bio-LNG, and electric vehicle transportation for truck transport decarbonisation.

Our broad packaging portfolio is also under the same decarbonisation focus. For more details on packaging, see page 30.

Climate change continued

"Decarbonising our transport operations is a critical step in our sustainability journey. By leveraging pilot projects and innovative strategies, we are confident in our ability to meet this challenge and make meaningful progress in reducing our Scope 3 – non-FLAG emissions. Our commitment to sustainable transport not only benefits the environment but also strengthens our position as a responsible and forward-thinking organisation."

Davide Spanti, Head of Operations Sustainability, Environment & Energy

FOCUS ON: TRANSPORT

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

Our progress in the year

We have been rolling out several pilots in the EU to engage suppliers in the decarbonisation of logistics. The nature of the pilots was varied as we aimed to find solutions for specific situations, considering factors such as distance and the availability of the necessary infrastructure and technology. As part of the pilots, we also addressed alternative low-carbon fuels for sea freight and for road transport, we focused on multimodal long-distance transport, and tried shifting towards electric trucks.

In the EU, intermodal shipments[2] of Nutella[3] led to 70% emission reduction. In the UK, we continued partnering with a supplier to use BIO Liquified Natural Gas trucks for medium to long-distance routes. These trucks replaced 20% of the routes fulfilled by diesel trucks, resulting in a 70% reduction in GHG emissions. We also launched pilots in France and Germany for electric trucks for short to medium-distance routes. Currently, we have 10 e-trucks operating daily, transporting products from plants to distribution centres and trading hubs, as well as for moving raw materials from warehouses to production plants. The use of these electric trucks is expected to save between 40% and 90% of GHG emissions, depending on the emission intensity of the local electric grid used for charging.

CASE STUDY

100% electric truck in Normandy, France

In France, a 100% electric truck has been added to the delivery fleet for Normandy flows. This truck, tractor and semi-trailer, allocated to Ferrero by our partner STEF, has initially been providing the shuttle between the Villers-Écalles factory and the Grand-Quevilly warehouse, and carried out deliveries to our Norman retail customers in that region.

With a daily range of 280-300 km without the need to recharge, this truck completes one to two shuttles a day between the production site and the customer and/or warehouse, reducing CO_2 emissions by 80% compared to diesel trucks.

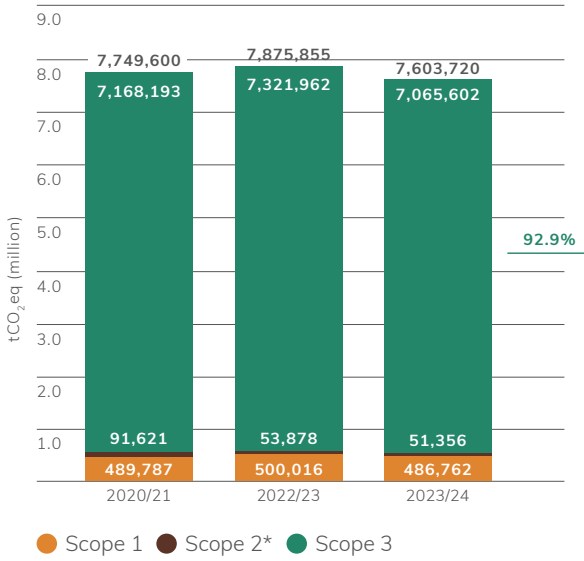
Through this pilot, a first in Normandy, the Supply Chain Department uses alternative energy sources for transportation, aiming to reducing our GHG emissions as part of our Fret 21 voluntary commitment, and also reducing noise pollution for local residents.

This is an example of our efforts to ensure that all our regional operations contribute to our decarbonisation target, which is reinforced by local reduction targets. During fiscal year 2023/24, we gained monthly access to all the impacts of logistics from individual shipments within our network, including GHG emissions, and updates on the effectiveness of our operational initiatives. We will continue progressing on decarbonisation efforts by focusing on expanding successful pilot initiatives and seeking new opportunities in cooperation with our logistic partners.

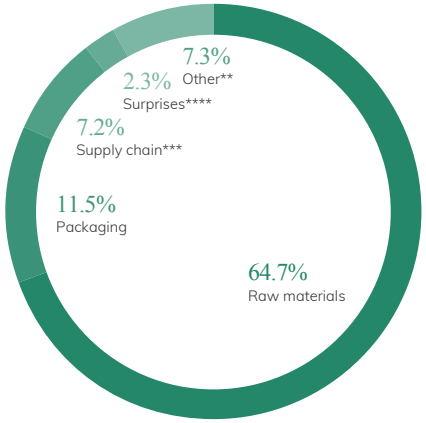
2 Intermodal transportation (combination of trucks and railways) offers environmental benefits such as reduced CO_2, particulate matter, and N_2O emissions, and lower diesel fuel consumption.
3 Reduction of 70% of emissions in fiscal year 2023/24 vs. fiscal year 2022/23 using only trucks for the Nutella Biscuits logistics from our plant in Balvano, in South Italy, to France, Germany and Belgium.

Climate change continued

SCOPE 1, 2 AND 3 GHG EMISSIONS



SCOPE 3 EMISSIONS BREAKDOWN



* 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.

Emissions	Unit	FY 2021/22*	FY 2022/23*	FY 2023/24
GWP emissions total (Total Scope 1 + Scope 2 market-based + Scope 3)	tCO_2eq	7,749,600	7,875,855	7,603,720
GWP Scope 1 emissions – Total emissions	tCO_2eq	489,787	500,016	486,762
GWP Scope 2 emissions – Market-based	tCO_2eq	91,621	53,878	51,356
GWP Scope 2 emissions – Location-based	tCO_2eq	331,049	344,259	378,408
GWP Scope 3 emissions – Total emissions	tCO_2eq	7,168,193	7,321,962	7,065,602

Note: For perimeter and methodology, please refer to the About this report section on page 87. *Figures from FY 2021/22 and FY 2022/23 have been restated to reflect the perimeter of FY 2023/24.

FOCUS ON: SCIENCE-BASED TARGETS AND UPDATED BASELINE

In 2018, we developed our GHG emissions reduction targets (SBTi approved) for 2030 considering a fiscal year 2017/18 baseline that also includes latest acquired companies and other significant contributions, which are not part of the disclosure of this report.

We set our pledges for 2030 based on the science, verified by the SBTi 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.

Climate targets	Base year data	Most recent year data	Delta
Scope 1 and 2 (Abs.)	869,985	625,872	-28.1%
Scope 1, 2 and 3 (Int.)	4.31	3.79	-11.9%

Note: Data relating to latest acquired companies is not included in the perimeter which was subject to limited assurance review by a third party.

Climate change continued

Energy management

ENERGY EFFICIENCY

Ferrero has an extensive network of manufacturing plants and distribution warehouses. Therefore, we continue looking for ways to improve our energy efficiency. We invest in different energy efficiency projects that are contributing towards our climate goals and are fundamental in assuring the security of our energy supply.

RENEWABLE ENERGY

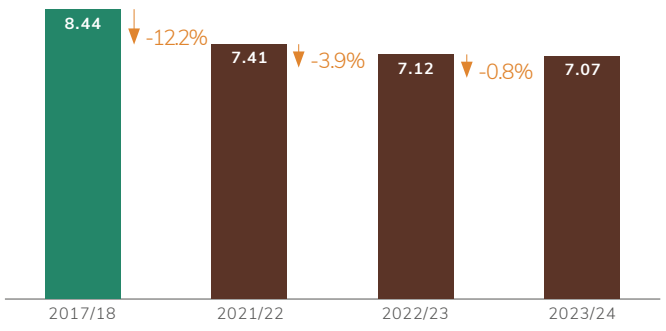
We have targeted our investment towards increasing the production of on-site renewable energy and using alternative sustainable fuels.

In fiscal year 2023/24 in Belsk, one of our biggest European production plants, additional photovoltaic capacity was installed, already resulting in a 7.5% increase in photovoltaic production compared to the previous year.

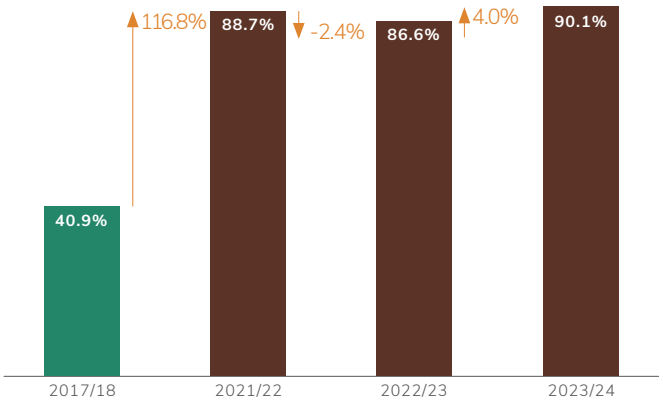
Energy	Unit	2021/22*	2022/23*	2023/24
Renewable energy consumption	%	23.6%	22.1%	24.6%
Purchased electric energy certified renewable	%	88.7%	86.6%	90.1%
Energy intensity ratio	GJ/t	7.4	7.1	7.1

Note: For perimeter and methodology, please refer to the About this report section on page 87.
*Data for FY 2021/22 and FY 2022/23 are based on the perimeter disclosed in the Sustainability Report 2023.

ENERGY INTENSITY RATIO (GJ/t)



PURCHASED ELECTRIC ENERGY CERTIFIED RENEWABLE (%)



Climate change continued

Our Environmental Initiatives in Action

The Central Operations Sustainability, Environment and Energy function works closely with the local Industrial Sustainability, Environment and Energy (ISEE) managers to support the initiatives on Sustainability projects, engagement, knowledge building and best practices fundamental to improving the environmental performance at the site level. We have showcased some initiatives implemented during 2023/24 demonstrating progress concerning decarbonisation, water consumption and waste reduction.

CASE STUDY

Efficiencies in the Brantford plant

In an effort to better understand energy and water use, Ferrero Brantford has installed advanced metering systems to track consumption, using the plant's two-week maintenance shutdown to install new meters.

Moreover, in alignment with the Ferrero Group's decarbonisation goals, Brantford has identified a project to reduce its Scope 1 emissions by installing a waste heat recovery heat pump and electric boiler, utilising the lower carbon intensity electricity grid over natural gas. In addition to identifying retrofit projects, the Brantford plant will apply the same decarbonisation principles to any future expansions by selecting electric HVAC and hot water systems during the design phase.

CASE STUDY

Decarbonisation efforts in the Belsk plant

During fiscal year 2023/24, the Belsk plant continued its energy reduction efforts to help achieve the Group's Scope 1 emissions reduction by 2030 through the energy programme implemented in the factory. Key activities included:

- Developing on-site renewable energy projects, such as photovoltaic farms.
- Assessing the availability of alternative fuels in the market.
- Assessing the maximisation of the use of self-generated electricity with energy storage and smart management systems.
- Improving thermal energy efficiency through targeted projects.
- Securing guarantees of origin for purchased electricity from the public grid.

The main project implemented during the year was to improve the energy efficiency rate of Kinder Bueno ovens (in operation since FY 2020/21). The activities were mainly focused on the recovery of waste heat from the chimneys and the production of cold water in absorption chillers.

These activities resulted in 1,200 MWh of thermal energy recovered from waste heat and 150 MWh of annual electricity savings.

A similar approach is planned for upcoming projects, incorporating sustainability at the design phase.

The plant also expanded on-site renewable energy production, which is expected to generate 5,470 MWh annually, with an expected reduction of 4,700 tCO_2eq (Scope 2 location-based).

With the new installations, the Belsk site has a total installed energy capacity of 7.91 MWp with a total production of 7,870 MWh, representing 5.2% of total factory consumption.

Additional energy savings in the year came from efficiency improvements, including LED lighting, upgraded engines, better insulation in climate-controlled areas, and continuous enhancements to the monitoring system.

The plant has also collaborated with the Municipal Wastewater Treatment Plant to treat biosolids from both entities, which are used for agricultural purposes, benefiting the local community.

Climate change continued

CASE STUDY

Continuous improvements in San Jose plant

The ISEE Team actively tracks environmental and energy priorities in Group and Local governance meetings, ensuring new projects focus on resource availability, efficient technology, and sustainable design while staying compliant with regulations.

During the year, the following progress has been made in relation to decarbonisation, waste management and water stewardship.

Decarbonisation: reduction of more than 200 t/year of CO_2 direct emissions through the implementation of a project based on the automation of the combustion process of the main boilers.

Waste management: during the fiscal year 2023/24, as a result of the collaboration between Industrial Supply Chain, the local ISEE led a project related to a wooden pallets disposal process. A detailed inspection routine before the disposal was implemented to improve the segregation procedure. This results in 60 tons/year of wooden pallets being reused instead of being recycled.

Water stewardship: with the support of the Central Operations Sustainability, Environment and Energy function, a six-month-long study was successfully performed on the factory to evaluate the possible risks on water management and identify water-saving opportunities that will be the basis of the local short- and long-term Group Sustainability and Business Continuity strategies. A local assessment was performed on the factory and the surroundings, to evaluate and identify opportunities in the cooling systems, identified as the biggest water consumer, and also to check for opportunities to implement water-related initiatives with the local community. The results were positive and led to the identification of important and quick-win projects related to water saving mainly through the improvement of operational activities.

CASE STUDY

Energy and water performance improvements in the Hangzhou plant

During the year, the ISEE, together with other main functions at the local level, updated the Significant Energy Use list, which refers to those activities that require high in energy consumption and/or have a high potential for energy performance improvement.

The first output is a list of 10 focused activities that involved different lines, equipment or processes, covering 80% of total plant energy consumption.

One of the actions taken was to upgrade 35 standard streetlights in the facility to solar and wind-powered LED lights. These lights will harness energy from both solar and wind sources, storing it in battery panels. The stored energy will be sufficient to power the streetlights for 10 to 12 hours. This project is expected to save approximately 65 MWh of electricity annually, which is equivalent to reducing carbon dioxide emissions by around 50 tons.

Steps have also been taken to improve water consumption at the plant, including the installation of concentrated Reverse Osmosis (RO) water recovery machines, which are filtration systems designed to maximise water recovery from brine or wastewater streams while reducing waste discharge. To further optimise water usage, recovered RO water undergoes additional treatment and is then used in the cooling tower, reducing reliance on city water. The amount of recovered water used for this purpose varies with the seasons, depending on external temperatures. On average, about 200m³ of RO water is used per week.

During 2023/24, the plant introduced a real-time water consumption monitoring system. The aim was to increase awareness on water performance and readiness in case of unexpected leakages. The meter network includes over 30 digital meters at shopfloor level which can be monitored in real time, with a detailed KPI breakdown view.

Water resource management

Our approach

Water is one of the high-importance topics identified in Ferrero's materiality process and is becoming more relevant for the future. Water scarcity has been identified as a business risk within Ferrero's global operations and supply chain.

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.

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.

In collaboration with Quantis, a global sustainability firm, Ferrero has carried out the Water Corporate Footprint to quantify water use (consumption and pollution) and Water Risk assessment to map and prioritise geographical locations and areas across its value chain: upstream use related to commodities and packaging production accounts for around 80% of water withdrawal. Further analysis, also considering local practice in comparison to literature, will be done ahead of setting targets.

Water in operations

We are developing our business in a way that enables effective water stewardship, by ensuring our operations make efficient use of water. 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 withdrawal 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.

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.

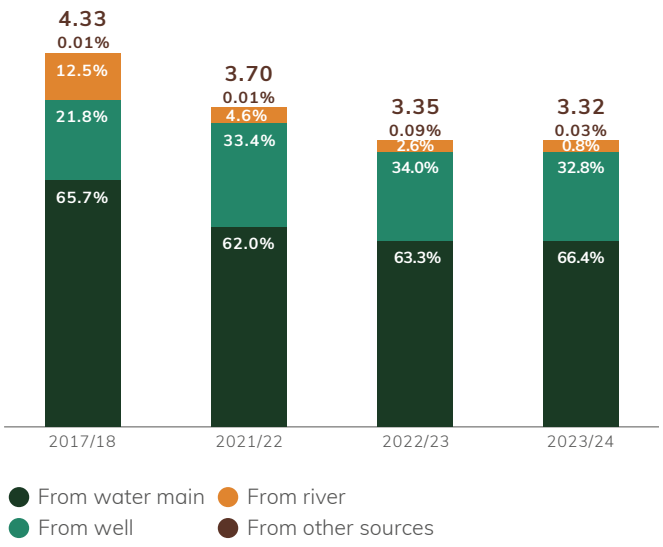
REUSE AND RECYCLING

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 few years, we have achieved a decrease in water use thanks to our various reductions and reuse initiatives. We have reduced our water withdrawal ratio by around 0.7% compared to the previous year.

WATER WITHDRAWAL RATIO (m³/t)



Water	Unit	FY 2021/22*	FY 2022/23*	FY 2023/24**
Water withdrawal	m³	5,396,500	5,093,589	5,291,727
Water withdrawal ratio	m³/t	3.7	3.4	3.3
Wastewater	m³	3,126,139	2,992,834	2,938,520

Note: For perimeter and methodology, please refer to the About this report section on page 87.
*Data for FY 2021/22 and FY 2022/23 are based on the perimeter disclosed in the Sustainability Report 2023.
**North Canton and Chicago manufacturing plants are excluded from FY 2023/24 calculation.

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.

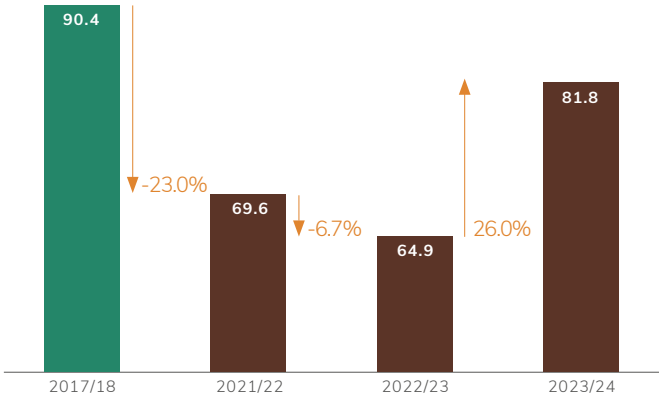
We apply the waste management hierarchy of prevention, reduction, reuse and recycling in our operations.

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.

The total waste increase in the year was due to building demolition in the Stadtallendorf plant (27,000 tonnes).

WASTE PRODUCTION RATIO (kg/t)



Waste	Unit	FY 2021/22*	FY 2022/23*	FY 2023/24**
Total waste	t	101,348	98,731	130,179
Percentage of recovered waste	%	97.6%	97.9%	89.3%
Waste production ratio	kg/t	69.6	64.9	81.8

Note: For perimeter and methodology, please refer to the About this report section on page 87.
*Data for FY 2021/22 and FY 2022/23 are based on the perimeter disclosed in the Sustainability Report 2023.
**North Canton, Augusta, Florence, Louisville and Chicago manufacturing plants are excluded from FY 2023/24 calculation.

Packaging

Our strategy and approach

Our packaging sustainability strategy is a fundamental component of our sustainable practices, aiming to reduce our environmental footprint, promote the use of renewable materials, and support a circular economy. We believe that responsible packaging is essential for securing a sustainable future and business continuity. Our focus includes reducing raw material use, minimising packaging, reducing plastics, increasing the use of recycled content, and making all packaging recyclable and recycled at scale to close the circular economy loop.

We continue to deliver on our current goals and we have kicked off new workstreams to proactively address the upcoming regulatory requirements. In the meanwhile, we look ahead, designing our future packaging strategy. Early this year, a top management cross-functional workshop guaranteed the alignment between business expectations, social and regulatory outlook, and innovation and technology development, shaping the packaging vision beyond 2025.

We addressed a spectrum of packaging topics to identify key areas of importance for Ferrero's packaging sustainability. With a focus on regulatory context, consumer expectations, communication and education, and specific global and regional developments, we have set a roadmap to shape our packaging transition to meet the needs of 2030 and 2035. We are stepping up efforts to manage challenges and leverage opportunities in areas such as raw material supply, customer expectations and interaction, future materials, and end-of-life infrastructure. This approach not only considers market volatility from the upcoming implementation of the Packaging and Packaging Waste Regulation in Europe and other local regulations, aimed at creating a more sustainable economy, but also emphasises our commitment to securing sustainable solutions.

Our packaging goals and the integration of the latest acquired business

In past years, Ferrero has welcomed acquired brands and companies.

The focus on acquisitions, alongside continued organic growth, necessitates an ongoing review of our sustainability commitments, including packaging. This helps maintain relevance and alignment, acknowledging that latest acquired brands may be at different stages in their sustainability journeys and may need tailored integration strategies.

During the integration, we develop project roadmaps for the acquired companies to contribute towards the achievements of our design for recycling, virgin plastic reduction, and recycled content objectives.

"In recent years, we've continuously invested in new packaging lines to support innovation and bring co-designed solutions with our partners to life. Now, we're focusing on the more complex, less obvious parts of our portfolio, targeting packaging that was originally tailored for performance, customer experience, or uniqueness. This segment is core to Ferrero and redesigning it poses significant challenges, demanding advanced materials and technologies to change the status quo. Our biggest challenge ahead is making the right global packaging choices to ensure our products stay iconic for the next 50 years."

Paola Avogadro, Global Packaging Design Manager

Implementation lead times will vary but our core portfolio is in good shape and allows us to commit to maintain, in the upcoming years, the ambitious quota of >90% of our packaging designed to be reusable, recyclable, or compostable, inclusive of latest acquired businesses.

In 2021, Ferrero committed to reducing the use of virgin plastic by 10% and increasing the use of recycled content in plastic packaging to 12%, and we monitor progress on these two KPIs annually.

On the virgin plastic reduction target, in the fiscal year 2022/23 we introduced a plastic-to-product ratio to track the trend of reduction, without it being tied to a variable baseline, correlated to growth and acquisitions.

OUR PACKAGING GOALS

>90%

Maintain, in the upcoming years, the ambitious quota of our packaging to be reusable, recyclable, or compostable, inclusive of latest acquired businesses

12%

Increase the plastic recycled content to 12% by 2025 from a 2019/20 baseline

-10%

Reduce the use of virgin plastic by 10% by 2025 from a 2019/20 baseline

Packaging continued

PACKAGING AND PACKAGING WASTE REGULATION IN EUROPE

☆ PPWR entry into force ✓ New requirement

Category	2025	2026	2027	2028	2029	2030	Details
Recyclability	☆					✓	✓ Designed for recycling – grades A,B,C on the market
Recycled content	☆					✓	✓ Recycled plastic content targets
Compostable packaging	☆			✓			✓ On specific formats biodegradable plastic must be designed for recycling
Pack minimisation	☆					✓	✓ Only minimised packaging
Excessive pack requirement	☆			✓		✓	✓ Sales pack: only minimised empty space ✓ Grouped and transport packaging, e-commerce: only empty space <50%
Reuse	☆			✓		✓	✓ Reuse targets for specific formats
Harmonised labelling	☆			✓			✓ Sales, grouped, e-commerce pack labelled
Restrictions on use of packaging formats	☆					✓	✓ Specific packaging banned

The new Packaging and Packaging Waste Regulation (PPWR) in Europe requirements and impacts

The European RRWR was formally approved in January 2025.

The measures provided for in this regulation aim to reduce the quantity of packaging placed on the market in terms of its volume and weight, to prevent packaging waste from being generated, particularly through packaging minimisation, avoiding packaging where it is not needed and increasing reuse of packaging. In addition, the measures provided for in this regulation should aim to increase the use of recycled content in packaging, in particular in plastic packaging, where the uptake of recycled content is very low.

This regulation, which has numerous articles ranging from recyclability, minimisation, recycled content and labelling, among others, will have a huge impact on packaging and the entirety of its current production chain. While it is expected to have a push toward innovation and a speeding up of infrastructure development, harmonising the status of countries with different maturity levels within Europe, further clarifications from the legislator are required to better understand the impact on our business.

While detailed guidelines will be introduced in the future, this offers flexibility in the early stages. In the meantime, proactive short-term packaging decisions are essential to ensure compliance and to allow sufficient time for developing and scaling up innovative, long-term solutions.

The guidelines exist to support the recyclability of many materials and can help drive infrastructure development. It remains challenging to envision that materials without proper current recycling facilities will become recyclable in practice and at scale in a few years. Progress is possible, but significant time and industry-wide investment are likely required.

The regulation also encourages the use of recycled content, presenting a valuable opportunity to support circular economy goals. While food-grade recycled plastic is currently limited in some markets, we are actively monitoring developments and anticipate that growing demand will stimulate supply and innovation, contributing to a more mature and efficient market in the near future.

Packaging continued

Our packaging journey

Our journey into packaging sustainability began several years ago, with the first voluntary commitments as drivers for multiple projects, and is now in a mature phase. The circularity of our packaging is one of our pillars, always alongside the quality and food safety of our products.

Thanks to the strong connection with our network and our suppliers, our alliances and partnerships, we contribute to the definition and development of the recyclability guidelines with special attention to food safety and the quality needs of our packaging, in multiple discussion forums. These guide us in taking decisions on packaging materials and design. Together with third-party experts and laboratories, we evaluate design choices and the impact of our packaging within the recycling chains. The design phase is followed by the industrial implementation stage, which drives lead times and investment decisions.

Active participation in guideline development and a scientific evidence-based approach has become an integral and consolidated part of our way of working, which often anticipates and goes beyond the requirements dictated by local regulatory compliance.

Various projects launched voluntarily over the years are relevant examples of this way of working, such as the launch of the Kinder Digital Sustainability QR Code Project aimed at informing consumers, even in countries where there are no legislative obligations in terms of labelling. We have also invested in the roll-out of the Kinder Joy paper spoon, even in geographies where it was not required by any regulation.

Finally, in advance of what will be required by the new European PPWR, some of our projects have already exceeded targets imposed by the regulation, incorporating 100% of recycled plastic in our Estathé bottles range instead of 25% mandatory targets in 2025, as per the Single-Use Plastic Directive (SUPD), and future requirement of the PPWR (30% by 2030).

4 Referred only to the bottle.

2020

Pilot on reuse for the Nutella jar collaborating with Loop, in the French market.

2021

Ferrero signed Consumer Goods Forum Golden design rules with focus on plastic packaging.

2019

Ferrero made a commitment on packaging, signing the Global Commitment for a New Plastics Economy with Ellen MacArthur Foundation. The main objective was to make all packaging recyclable, reusable or compostable "in practice and scale" by 2025.

2021

We launched on the market the first Rocher boxes converted from polystyrene (PS) to polypropylene (PP). From 2021 onwards, we are progressively converting our polystyrene boxes portfolio.

2021

Pilot of the Kinder Digital Sustainability QR Code Project to support and inform our consumers about our packaging materials and how to correctly dispose of them locally. From 2021 onwards, we progressed on our objective of extending the project to all Kinder packaging, across European markets.

2021

We started our voluntary roll-out Kinder Joy paper spoon in India, China, and U.S. even in the absence of specific local regulations.

2023

100% rPET in the Estathè bottles[4] range.

2022

Pilot on the use of chemically recycled polypropylene (rPP) in our Tic Tac T200 bottlepack in UK.

2024

We launched the plant-based Nutella jar with 60% recycled glass and the lid made from recycled plastic, according to the mass balance approach.

Packaging continued

In fiscal year 2018/19 we discussed our first packaging sustainability objectives, and we kicked off some main project streams to redesign our packaging by taking into account the specific functional requirements for product protection, and to guarantee the high quality expected by our consumers, as we strived to reach our sustainability targets.

We have concentrated the greatest efforts on the main project streams, since they have been identified as having the most relevant impacts on packaging recyclability and requiring longer lead times driven by production line investments.

Our packaging sustainability approach does not just guide our main project streams. It is embedded in our day-by-day design activities across all geographies with many different project examples and ideas. Our local teams work on designing new packaging or redesigning existing packaging, considering continuous improvement and optimisation, in line with our sustainability goals and following our 5R approach strategy (Remove, Reduce, Reuse, Recycle, Renew).

To guide our designers, we developed and constantly keep updated our internal packaging design for circularity guidelines, condensing the contributions coming from partners, industry association working groups, and specific commitments. We are signatories of the Ellen MacArthur Global Commitment and of the Consumer Good Forum Golden Design Rules[5] and on both we have signed report progress on a yearly basis.

To the right is an overview of some of the projects completed by our packaging designers in fiscal year 2023/24 across geographies.

5 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).

CASE STUDIES BY PRODUCTION PLANT

n Nutella F Ferrero Rocher k Kinder E Estathe

Recycle Reduce Remove Reuse

NUTELLA
Türkiye: Introduction of 30% recycled content in Nutella shrink film produced

France: Glass lightweighting for T630/T650 Nutella Jar by 7%

Italy: Downgauging of Nutella shrink film by 18% on all the formats produced

ESTATHÉ
Italy: Removal of the paper tray from the 0.4l x 12 format

CROSS BRAND
Poland: Tablet's wrapping converted from multi-material laminated solution to new mono-material aluminium

NUTELLA
Canada: PET tray removed from T16 & T12 trade unit format

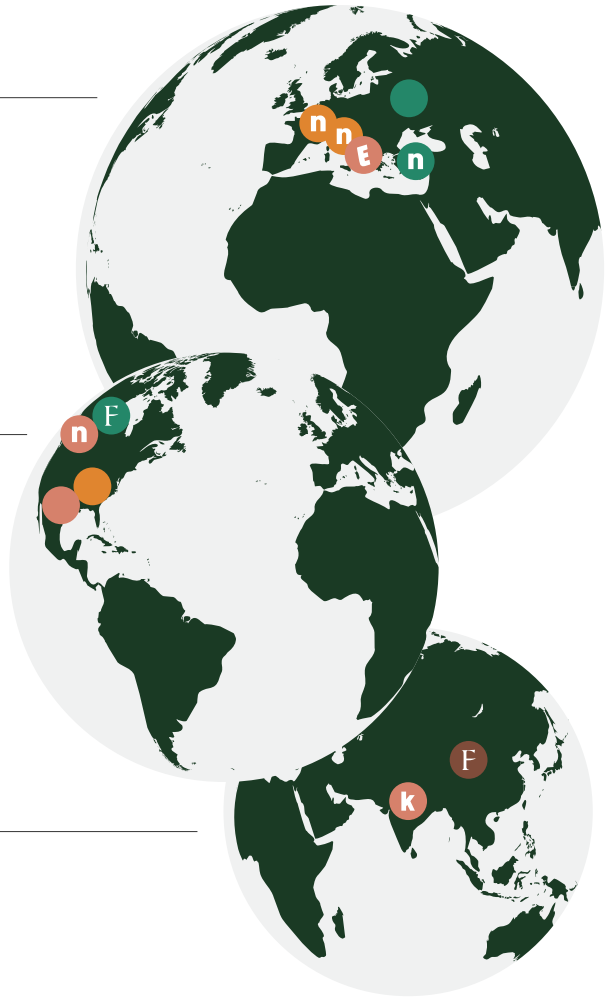
FERRERO ROCHER
Canada: T24-piece box converted from PS to PP

CROSS BRAND
U.S.: Transport optimisation through improved truck loading efficiency (equivalent of approximately 54 truck trips saved)

U.S.: Removing the external plastic wrapping from our theatre boxes. After the elimination from Raisinets, Buncha CRUNCH, Goobers and Butterfinger bites, we have now also removed it from Snowcaps

FERRERO ROCHER
China: Company reuse system for the carton boxes used to move semi-finished product between production sites twice

KINDER
India: Schoko-Bons Crispy: removal of the multi-material bag from T4 x 12 x 8 format



Packaging continued

OUR PROGRESS THROUGH THE YEARS

2018/19

2018/19
In fiscal year 2018/19 we set our objective for our packaging 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.

2021/22

2021/22
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 scale".

2022/23

2022/23
In fiscal year 2022/23 we achieved 90.7% of packaging designed to be recyclable, in line with our commitment.[6] As Ferrero is growing its portfolio both organically and through acquisitions, we track progress on the plastic-to-product ratio, monitoring a reduction by 7% compared to the 2019/20 baseline, progressing with our commitment to reduce virgin plastic use by 10% by 2025.

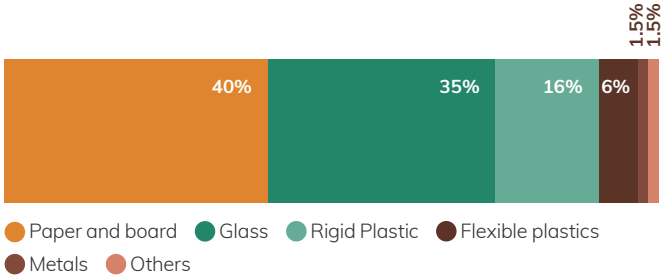
2023/24

2023/24
In fiscal year 2023/24 we achieved 92.1% of our packaging designed to be recyclable in line with our commitment to maintain the ambitious quota of >90% of our packaging to be reusable, recyclable, or compostable, inclusive of latest acquired businesses.

Materials used for packaging applications

Our packaging portfolio is diversified and well-balanced, with different types of materials 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.

MATERIALS USED FOR PACKAGING APPLICATIONS IN FISCAL YEAR 2023/24



Packaging	FY 2021/22*	FY 2022/23*	FY 2023/24
Packaging designed to be recyclable[6]	88.5%	90.7%	92.1%
Recyclable, reusable or compostable packaging	83.2%	84.8%	86.1%
Recycled content in plastic packaging[7]	4.3%	5.3%	5.8%
Renewable materials in packaging	40.2%	40.5%	40.9%
Reduction of plastic-to-product ratio	-1%	-7%	-13%

Note: For perimeter and methodology, please refer to the About this report section on page 87.

* Data for FY 2021/22 and FY 2022/23 are based on the perimeter disclosed in the Sustainability Report 2023.

6 >90% of our packaging designed to be recyclable, reusable, or compostable, inclusive of latest acquired businesses.
7 12% increase of plastic recycled content (by weight) by 2025.

Packaging continued

CASE STUDY

Plant-based Nutella

In 2024, after more than 60 years of Nutella, we launched plant-based Nutella. The new recipe includes chickpeas and rice syrup in substitution of the milk to make it suitable for vegans and lactose-intolerant. The packaging has been improved with the introduction of recycled content in the jar and in the lid. The jar has 60% recycled glass content and the lid is made of recycled plastic, according to the mass balance approach. With the mass balance approach, both virgin and recycled materials are mixed together during the production of the plastic. The process that guarantees the correct allocation of recycled materials to plant-based Nutella lids is certified according to the ISCC standard. With the ISCC certification, we ensure that the amount of recycled material at the beginning of the supply chain is equivalent to that used for plant-based Nutella lids.

Highlights of the main achievements in fiscal year 2023/24

Kinder Joy

In fiscal year 2023/24, we have completed the implementation of the paper spoon across all countries where Kinder Joy is distributed.

We also completed the conversion from multi-material to mono-material diaphragm, for both the surprise and edible sides for the Kinder Joy produced in India. The conversion to mono-material is also progressing in Europe, where we completed the implementation of the diaphragm of the valve containing the toy in our Polish production plant.

Conversion to mono-material flexible packaging

80%

of plastic films by weight in the portfolio are mono-material, considering primary, secondary and tertiary packaging.[8] In fiscal year 2023/24, we focused on the conversion from multi-material to mono-material of the individually wrapped Kinder Bueno produced in Poland, Kinder Choco Fresh, Fiesta and Kinder Delice single wrapped portion.

Rocher boxes virgin plastic reduction

~11,000

tonnes less plastic have been used cumulatively from September 2020 to August 2024, thanks to the conversion from polystyrene (PS) to polypropylene (PP) in our 16-piece, 24-piece, and 30-piece Rocher boxes.

CASE STUDY

Extending the Kinder Digital Sustainability QR Code Project

To support circularity, we aim to help consumers easily understand how to properly dispose of our packaging. Most of our Kinder products now feature a QR code, offering clear instructions on how to dispose of the packaging according to local regulations and infrastructure. This initiative was piloted in 2021 in select markets, and following its success, we are now gradually expanding it to cover all Kinder packaging across Europe.

8 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.

Packaging continued

FOCUS ON: UNDERSTANDING PACKAGING CHALLENGES

We are aligned with our commitment on packaging designed to be recyclable and we are progressing on improving our packaging recycled in practice and at scale rate, mainly thanks to the conversion of Rocher boxes from polystyrene to polypropylene.

This allows us to mitigate the effect of the integration of the acquired brands packaging portfolio, which may be at a later stage in their recyclable journey.

The difference between the packaging we consider designed to be recyclable and the packaging recycled in practice and scale highlights the gap between the effort in designing packaging to be recyclable, reusable or compostable and the real capacity of the infrastructure to collect, sort and recycle the different type of packaging materials. Categories yet to meet thresholds to be recyclable in practice and scale include all business to consumer flexible packaging, rigid packaging types, polyethylene terephthalate (PET) thermoformed, and uncommon packaging materials such as PS (polystyrene) and EPS (expanded polystyrene). Lack of collection and recycling infrastructure is the main barrier to achieving recyclability in practice and at scale.[9]

Focusing on plastic, we achieved a 13% reduction of plastic-to-product ratio, and we are progressing with our roadmap to integrate recycled content into our packaging, where food grade recyclate is available.

13%
reduction of plastic-to-product ratio achieved

8.1%
of recycled content in rigid plastic packaging achieved

Currently, the availability of recycled content on the market is subject to many variables. The lack of development in local collection and recycling infrastructures in many geographical areas results in a shortage of high-quality recyclate, aligned with stringent regulations on food contact requirements.

Food contact recycled plastic availability is very different depending on whether rigid plastic or flexible plastic is considered. In the first case, the well-developed collection and recycling infrastructure for PET ensures the availability of recycled PET from mechanical recycling, which allows us to integrate it relatively easily into our packaging, even where there is a food grade requirement.

The situation is completely different if we consider flexible films, where mainly using chemical recycling would actually guarantee the necessary food safety requirements.

In this context, we continue our engagement to support technologies for chemical recycling and align to future legislative requirements.

9 Ellen MacArthur Foundation, The Global Commitment 2023 Progress Report.

Our priorities going forward

Climate change

Moving forward, we plan to:

- Update our Scope 3 SBTi-approved targets, to include the breakdown of FLAG and non-FLAG inventories.
- Engage directly with key suppliers and implement data collection.
- Enhance carbon programmes with suppliers, particularly in the dairy supply chain.
- Assess climate risks and develop a climate transition plan.

As we navigate the complexities of climate change, our efforts are increasingly directed towards improving our data collection processes and setting ambitious Scope 3 reduction targets.

We are investing in advanced data collection systems to accurately track our greenhouse gas (GHG) emissions across the entire value chain. This includes emissions from our suppliers, transportation, and the use of our products by customers. By enhancing our data collection capabilities, we aim to ensure the accuracy and reliability of our emissions data. This is crucial for setting realistic and achievable reduction targets.

Water management

Building on work carried out in FY 2023/24, Ferrero is aiming to develop its new corporate water management programme and setting targets.

Industrial and food waste

Industrial and food waste is a significant global issue that affects local communities and has financial implications for businesses. Ferrero addresses this challenge by following a waste management hierarchy that prioritises prevention, reduction, reuse and recycling in our operations.

Ferrero recognises that the definition of recovery waste has evolved according to the Global Reporting Initiative (GRI) standards. This redefinition emphasises the importance of increasing the recovery index, which measures the proportion of waste that is diverted from landfills and incineration. Ferrero will focus on the increase of the recovery index, working towards zero landfill and end-of-life incineration.

Packaging

Our long-term ambition to enhance brand value and strengthen business resilience is reflected in our global packaging sustainability strategy aiming to integrate business goals, societal and regulatory pressures, and technological advancements. The rising legislative pressure, especially from the PPWR (Packaging and Packaging Waste Regulation) in Europe and local regulations in non-European countries, coupled with growing consumer expectations for environmental leadership, drives our commitment to developing a comprehensive global packaging strategy and sustainable solutions tailored to local contexts and requirements. Beyond compliance, we focus on driving circularity by using materials efficiently, minimising packaging designs, and reducing waste and energy consumption to protect the environment.

We will continue to promote the optimal packaging material choice for each application, prioritising food safety, product quality, and recyclability by design. This involves maintaining a balanced packaging portfolio that leverages different material categories, and adopting "design for recycling" guidelines for packaging that is easy to recycle and can be managed through existing recycling infrastructure. For recycling to be effective, the entire system – from design to collection, sorting, and recycling – must be well-established, with a reliable end-market for recycled materials. To boost the development of this end-market, our roadmaps also address opportunities to introduce recycled content in our packaging. Given the scarcity of recycled content suitable for food-contact applications, we are working with our partners to secure a strategic long-term view on recycled material sourcing to ensure availability.

We are in favour of the implementation of efficient and effective extended producer responsibility (EPR) schemes as another way to fund the necessary investments in collection and sorting, to improve the quality and quantity of recycled materials in the market.

We are also exploring innovative materials and circular business models, such as reuse and refill systems, to support closed-loop initiatives. The impact of e-commerce, quick commerce, and new channels on consumer purchase and packaging choices is significant. We are fostering novel smart packaging technologies that enhance traceability, and support value chain management or localised retail delivery, supporting on-demand services.

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
- Animal welfare
- Farmer livelihoods and community development
- Transparent supply chain

How we align with the SDGs

Ferrero's key raw materials

SOURCE OF KEY 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 Türkiye, Chile, U.S., Italy, France, Georgia, Serbia, and Argentina.
	Palm oil The majority of palm oil we use is sourced from Malaysia and Indonesia, followed by Papua New Guinea, and Guatemala.
	Dairy We source the majority of our dairy ingredients from Europe; mainly France, Germany, and Italy.
	Sugar We source beets from European producers, and sugarcane comes mainly from Brazil followed by U.S., Mexico, and Australia.
	Eggs We mainly source from the EU, Türkiye, Mexico, and U.S.

FHCo
FERRERO Hazelnut Company

Established in 2015, Ferrero Hazelnut Company (HCo) is a division of the Ferrero Group. More than 3,000 people work in HCo 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.

4
Agricultural companies:

Argentina
Chile
Georgia
Serbia

7
Manufacturing plants across:

Chile
Italy
Türkiye

Ferrero's approach

"At Ferrero, we remain fully supportive of the EU Deforestation Regulation (EUDR), which we believe is critical in protecting forests and biodiversity around the world. As we work towards the implementation of the regulation, our commitment to traceability remains steadfast, enabling us to trace our ingredients back to their origin, having a positive impact across our supply chain and helping prevent deforestation."

Nicola Somenzi,
Head of Responsible Sourcing

A commitment to sourcing ingredients sustainably

Our goal is to establish supply chain practices that support farmers, their families and communities, while also safeguarding landscapes and ecosystem services. Responsible sourcing is central to how we operate and develop our supply chains across all categories. The greater the risk, the more robust our understanding and protection of the supply chain must be.

Ferrero has established practices to maintain sustainable and ethical supply chains and manage challenges related to raw material sourcing in countries of origin.

We have created specific Charters for the four key ingredients (cocoa, palm oil, hazelnuts, and dairy) at the heart of Ferrero products. In each of them we clarify our sustainability ambitions and specify our requirements to suppliers, while tracking progress through action plans and progress reports.

OUR CHARTERS

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 palm oil – traceable to plantations and free from deforestation – while continuously strengthening and expanding our social and environmental programmes across key sourcing regions to drive meaningful progress on complex challenges in alignment with our commitments.

Dairy

2023/24 was a pivotal step in advancing our renewed dairy sustainability strategy, achieving over 67% traceability back to farm.

POLICIES

- Human Rights Policy Statement
  Scan or read more about it clicking here
- Supplier Code
  Scan or read more about it by clicking here

Ferrero's approach continued

Our approach to responsible sourcing

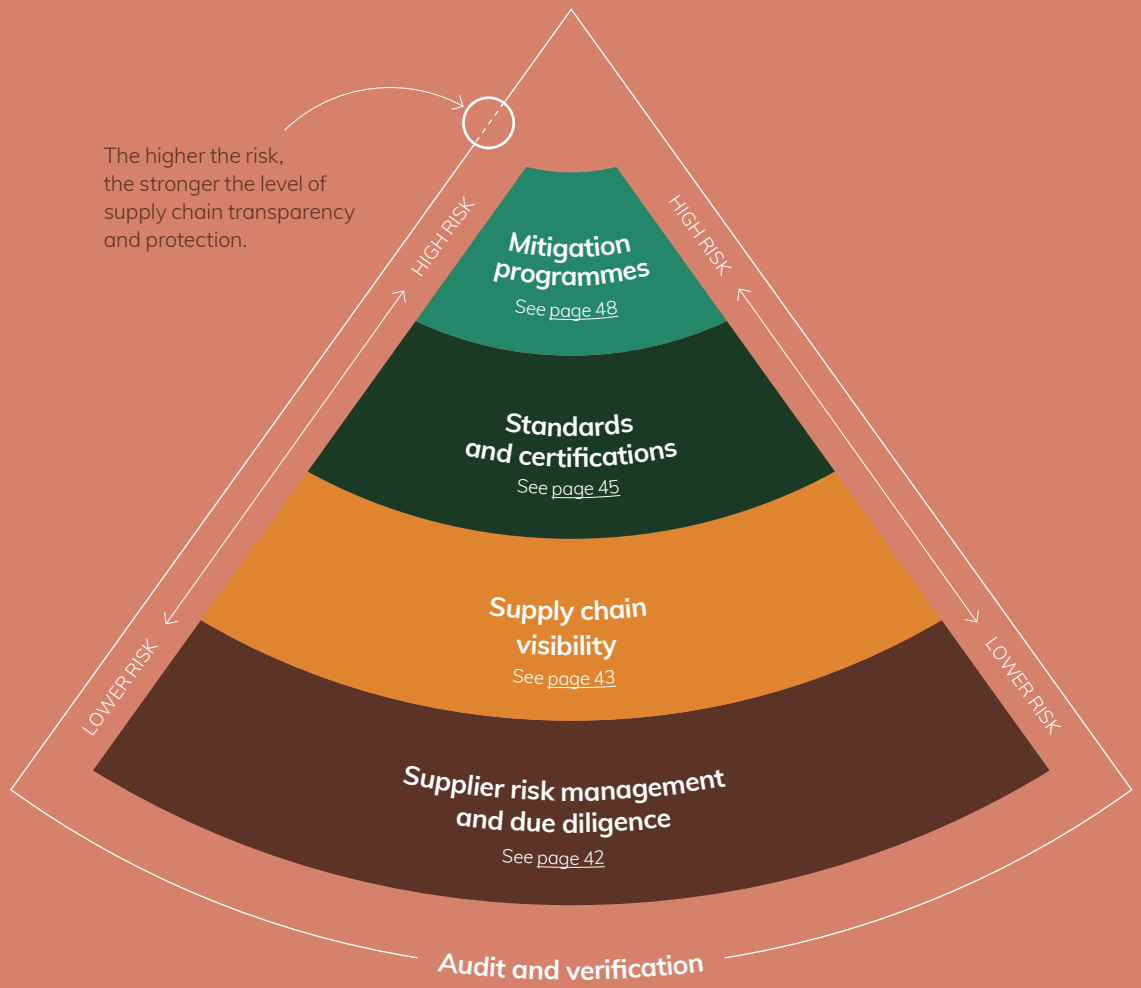
Responsible sourcing is crucial to our business and supply chain management. We focus our efforts on carrying out due diligence and maintaining robust supplier management processes rooted in traceability/transparency, certifications and standards, and mitigation programmes in the field. Our responsible sourcing approach considers risk levels across the raw materials that we source, with higher risks requiring stronger protection. All suppliers, across all categories from raw materials to general procurement, undergo risk assessments and due diligence procedures, and we take additional steps to manage high-risk categories by implementing mitigation programmes to improve sustainability in farming and production.

Since its origin, Ferrero has had an unwavering commitment to traceability. We call our approach "sacco conosciuto", which stands for "knowing what's in the bag", as we continue sourcing from carefully selected suppliers and farmers to ensure product quality, freshness, and positive impacts across the supply chain.

We source most of our key categories – such as raw and packaging materials – under strict sustainability standards. Independent certification schemes, like The Roundtable on Sustainable Palm Oil (RSPO)™ for palm oil, Rainforest Alliance and Fairtrade for cocoa, Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC)™ for virgin paper, and Bonsucro for cane sugar, provide third-party assurance that ensures our suppliers meet traceability and sustainability criteria. When we adopt a standard, we strive for full supply chain coverage. In cases where due diligence and certifications are not enough, we invest directly in trusted partners to drive real change. Our collaborations with organisations like Save the Children in Ivory Coast, the ILO in Türkiye, and Earthworm Foundation in Southeast Asia demonstrate our commitment to making a positive impact through strategic partnerships.

You can find more information on Ferrero's responsible sourcing approach online at www.ferrero.com.

RESPONSIBLE SOURCING STRATEGIC APPROACH: 4 STEPS



Ferrero's approach continued

SUPPLIER RISK MANAGEMENT AND DUE DILIGENCE

Ferrero is dedicated to maintaining a responsible supply chain and working with suppliers who respect human rights and protect forests across all their operations and supply chains.

We focus on measuring, improving, and assessing suppliers' practices. This includes analysing risks and opportunities, ensuring compliance, running improvement activities and building capabilities. The process follows a strict approach that requires suppliers to:

1. COMMITMENTS

Adherence to Suppliers Code: in 2024, we have continued monitoring the acknowledgement of the Supplier Code, resulting in 40% of our 20,000 suppliers acknowledging the code. Additionally, we continue to monitor the main supplier categories through the EcoVadis framework (see the graph below).

2. DUE DILIGENCE

Our due diligence process includes assessment of the risk profile of our suppliers, determining the level of additional verification, and consists of:

Supplier prioritisation: suppliers are assessed based on ESG risk factors. We are particularly proud that 91% of the suppliers assessed have been assessed as low risk.

Supplier assurance and assessments: for the suppliers assessed as medium risk and above, we require mitigation actions. To comply with this need, we require our suppliers to perform additional verification steps (assurance and assessment). Every year we reach out to about 1,000 suppliers with a risk level of medium or above for this purpose.

Audit and verifications: based on the supplier's responsiveness to the due diligence requirement, we follow with an on-site audit, to verify the compliance with our supplier code. Every year we complete about 100 on-site audits.

3. CONSEQUENCE MANAGEMENT

To assure that our suppliers engage in continuous improvement, we agree with them the action plan and implement measures. If, despite of these efforts, suppliers still present risks to Ferrero, they will be escalated to the Responsible Sourcing Committee.

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 Chief Group Procurement and HCo Officer. Issues discussed may include agreement on corrective action plans, exception management where necessary, mutual recognition of companies' policies, or suspension of a supplier.

Grievance mechanisms is another key to improving the due diligence process, as they help identify potential impacts and allow us to react and mitigate any risk in advance. This includes a 24/7 Ferrero Integrity Helpline managed by an independent external service provider. The Ferrero Integrity Helpline is available to confidentially report issues and, in those countries where it is allowed, do so anonymously. We commit to promptly investigating all concerns raised through this channel.

OUR EFFORTS: INDICATORS AS PER FY 2023/24

SUPPLIER RISK LEVEL OF ACTIVE SUPPLY BASE

● Medium risk and above ● Low risk

* We have completed the assurance/assessment process for 57% of suppliers classified as medium risk or higher.

OUR ACHIEVEMENTS: AVERAGE WEIGHTED ECOVADIS SCORE OF FERRERO'S SUPPLIERS VS. AVERAGE SECTOR SCORE

Ferrero's approach continued

SUPPLY CHAIN VISIBILITY

Supply chain visibility is essential for creating a fair and sustainable supply chain, ensuring quality and responsible sourcing of our raw materials. Without supply chain visibility you cannot perform risk assessments, you cannot prioritise and identify the area of intervention and you cannot comply with upcoming regulations such as EUDR. We deeply believe that "sacco conosciuto" is an essential approach in order to achieve sustainability, quality and more efficient and constantly improved sourcing models.

OUR SIX LEVELS 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 produce 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 (farmer identification)
Identifying the list of 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

We work towards further enhancing the visibility of our value chain by strengthening partnerships with our suppliers and by leveraging the most advanced technology available. Today we are partnering with two providers in order to further enhance our visibility: Sourcemap and Starling (part of the Airbus Group). Their capabilities, combined with the rigorous data collection of our suppliers of plantation geolocations, allow us to have a very high level of accuracy in mapping our supply chains in cocoa, palm oil and coffee, positioning the Group in a comfortable position with regards to the EUDR regulation.

The Group is always one step ahead, and today we are already applying the EUDR traceability standards and definitions across all our global purchases of cocoa, coffee and palm oil, independently from where our products are sold around the world.

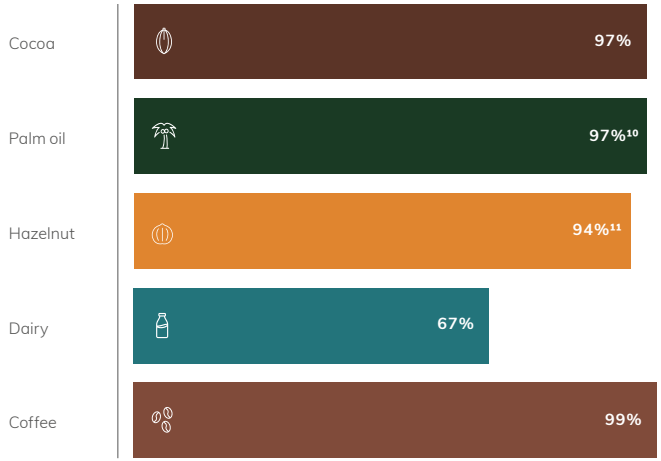
Another step beyond the EUDR compliance is our very good results in mapping our supply chains for hazelnuts and dairy categories: in hazelnut this is a journey started a few years ago, which this year finally reached visibility coverage of 94% of our global volumes. In the dairy category this process started more recently but today already 67% of our supply is geolocation mapped to farm (or group of farms at district level).

In order to show our practical commitment in this area and to promote transparency each year we also publish our cocoa suppliers' list of tier 1 suppliers, and our palm oil suppliers mill list, allowing third parties to log grievances where there is the doubt these could be connected to our supply chains.

This year we also started to monitor traceability of coffee and dairy and we're disclosing these results for the first time.

OUR ACHIEVEMENTS
SUPPLY CHAIN VISIBILITY IN FY 2023/24

These figures represent the level of traceability for cocoa, palm oil, hazelnut, dairy and coffee beans.



- Farm polygon maps
- Plantation polygon maps
- To farmer (farmer identification)
- Farm GPS coordinates
- Plantation polygon maps

To see the traceability trend for the last three years, please refer to Annex III: Ferrero's key performance indicators on page 99.

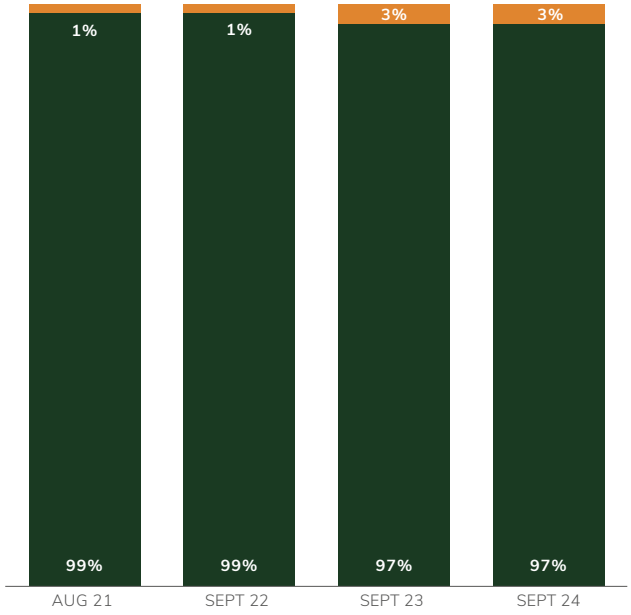
For perimeter and methodology, please refer to the About this report section on page 87.

10 Palm oil traceability decreased from 98% to 97% due to a change in calculation methodology.
11 Result affected by the Stock Amnesty Law in Türkiye. Without the Stock Amnesty Law in Türkiye, and re-including the related volumes with a 0 traceability score, the global traceability result for 2021/22 would be 68.7%, the global traceability result for 2022/23 would be 86.4%, and the global traceability result for 2023/24 would be 90.4%.

Ferrero's approach continued

SUPPLY CHAIN VISIBILITY CONTINUED

OUR ACHIEVEMENTS
DEFORESTATION-FREE VERIFIED PALM OIL[12]



Alerts under investigation
Deforestation-free verified

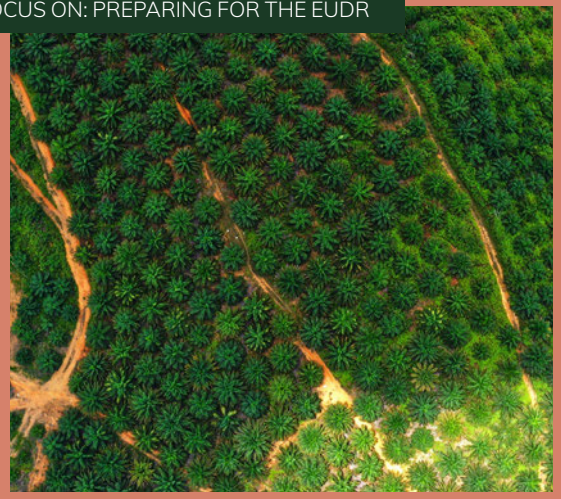
OUR ACHIEVEMENTS
DEFORESTATION-FREE VERIFIED COCOA[13]

Alerts under investigation
Deforestation-free verified

Note: For perimeter and methodology, please refer to the About this report section on page 87.

12 For the total palm oil sourced by Ferrero Group between July 2023 to June 2024, 97% is deforestation-free verified (externally assessed by Earthworm Foundation). The remaining 3% volume is linked to Starling alerts under investigation.
13 Data Source: Sourcemap, Global Forest Watch, fiscal year 2023/24.

FOCUS ON: PREPARING FOR THE EUDR



Visibility across the supply chain is essential for assessing deforestation risk. Without precise data on sourcing locations, it's impossible to accurately determine the level of risk associated with an activity - let alone meet regulatory requirements like the EUDR. Since 2020, we have been conducting Deforestation Risk Assessments (DRA) for palm oil, covering all plantations we source from globally, utilising the advanced monitoring capabilities of Starling (developed by Airbus Group). As a result, Ferrero developed strong expertise in DRA well before the introduction of recent EU regulations. Building on this foundation, we have now expanded the use of Starling to cover 100% of the cocoa and coffee plantations in our supply chain, enabling a highly detailed and robust system for oversight and monitoring across all three commodities.

Ferrero's approach continued

STANDARDS AND CERTIFICATIONS

Certifications provide assurances that the ingredients we purchase are compliant with sustainability values and that production meets specific sustainability standards. At Ferrero, we use several recognised standards for different ingredients. Moreover, for ingredients where certification schemes are not available or appropriate at scale, we may develop or apply other sustainability standards. A good example of this is our Ferrero Farming Values standard for hazelnut production.

COCOA

The total cocoa volume we purchased in fiscal year 2023/24 was around 208,000 tonnes, of which 79% was cocoa beans processed in-house, with the remaining 21% being cocoa derivatives such as liquor, butter and powder, and chocolate products. 99% 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 plantations. For the total palm oil volumes sourced by the Ferrero Group, between July 2023 and June 2024, 100% was RSPO-certified, out of which 96% as Segregated[14] and 4% as Mass Balance,[15] with a total traceability to plantation polygon of 97%.

OUR EFFORTS
KEY CERTIFICATION COVERAGE IN KEY COMMODITIES

Note: For perimeter and methodology, please refer to the About this report section on page 87.

14 RSPO-certified sustainable palm oil from different certified sources that is kept separate from ordinary palm oil throughout the supply chain.
15 RSPO-certified sustainable palm oil from certified sources that is mixed with non-certified palm oil throughout the supply chain.
16 Compared to the last three years, the percentage of cocoa sourced through independent certifications schemes and standards has decreased by 1% as a result of including former Kellogg's cookie, crust and cone businesses volume in the scope of the report. Former Kellogg's cookie, crust and cone businesses volume is not certified, as it represents 1% of total cocoa volume in FY 2023/24.

Ferrero's approach continued

STANDARDS AND CERTIFICATIONS CONTINUED

HAZELNUT[17]

Since 2012, Scientific Certification Systems (SCS) has overseen the audit programme for the Ferrero Farming Values (FFV) Production Standard in Türkiye, actually covering 25,106 farmers. Moreover, Ferrero's farms in Chile and Serbia are certified under the Sustainably Grown Standard, and the certification programme gives agricultural producers technical support in improving the sustainable management of their plantations.

CANE SUGAR

In fiscal year 2023/24, our sugar purchases consisted of approximately 69% beet sugar and 31% refined cane sugar. All our refined cane sugar is certified by Bonsucro,[18] a global multi-stakeholder non-profit organisation that promotes sustainable sugarcane production. We have been a Bonsucro member since 2010. Of the total refined cane sugar we sourced, 40% was Bonsucro mass balance certified, while Bonsucro credits accounted for the remaining 60% of the certified volume.

COFFEE

We source Rainforest Alliance Certified coffee beans mainly from Brazil, Colombia, Costa Rica, and the Dominican Republic. In 2023/24, we sourced 100% Rainforest Alliance Certified coffee beans.

OUR EFFORTS
KEY CERTIFICATION COVERAGE IN KEY COMMODITIES

17 Hectares of land certified FFV & SCS.
18 Through the accepted mass balance method and through credits. 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 Bonsucro certification, and a portion of fees from Bonsucro credit sales are invested into the Bonsucro Impact Fund, a grant-making mechanism that invests in local initiatives to address critical sustainability challenges in the sugarcane sector: https://bonsucro.com/impact-fund/.

Ferrero's approach continued

STANDARDS AND CERTIFICATIONS CONTINUED

DAIRY

We are using the Sustainable Dairy Partnership (SDP)[19] 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 harmonised global approach to dairy sustainability. In fiscal year 2023/24, 28% of our dairy ingredient suppliers, by volume, are using the SDP.

OUR EFFORTS

EGGS

In fiscal year 2023/24, our European cage-free barn egg products sourced represented 91.3% of our global egg product usage. For the remaining 8.7%, we continue to be committed to expanding our cage-free sourcing efforts across our global supply chain.

This includes:

- Collaborating with suppliers in Türkiye and Mexico with the aim of ensuring cage-free[20] egg product sourcing in these regions by the end of 2025.
- Integrating a latest U.S. acquired brand into our responsible sourcing approach, with the goal of achieving cage-free egg sourcing for this acquisition by 2028.

CAGE-FREE BARN EGG PRODUCTS IN THE EU

CAGE-FREE BARN EGG PRODUCTS WORLDWIDE (EU, TÜRKIYE, MEXICO AND U.S.)

FOCUS ON: GOOD EGG AWARDS

In 2024, we were awarded the Compassion In The World Farming's Global Good Egg Award for having been 100% cage-free in Europe since 2014 and for our commitment to sourcing 100% cage-free egg products globally.

100%

cage-free in Europe since 2014

19 Sustainable Dairy Partnership – SAI Platform.
20 Our cage-free requirements include prohibition on the use of combination housing systems. Where such systems are present on farms within the supply chain, a full transition to compliant cage-free systems within two years is required.

Ferrero's approach continued

MITIGATION PROGRAMMES

To address complex supply chain challenges, collaboration with NGOs, scientists, authorities, peers, industry bodies and suppliers is essential. When due diligence, traceability and standards aren't sufficient to address systemic sustainability issues, direct investments in trusted partnerships and projects on the ground can drive positive and long-lasting change.

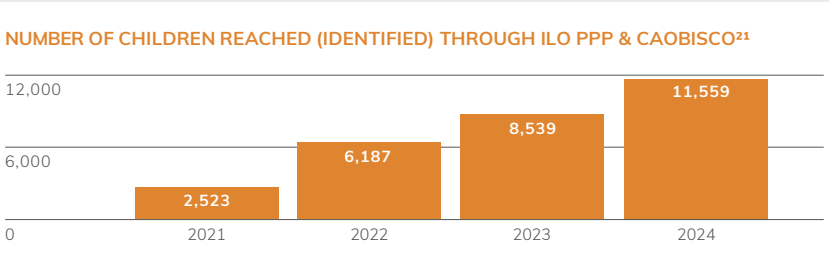
MITIGATION PROGRAMMES IN ALL OUR KEY REGIONS/COMMODITIES

KEY PROGRAMMES

OUR ACHIEVEMENTS (CUMULATIVE #)

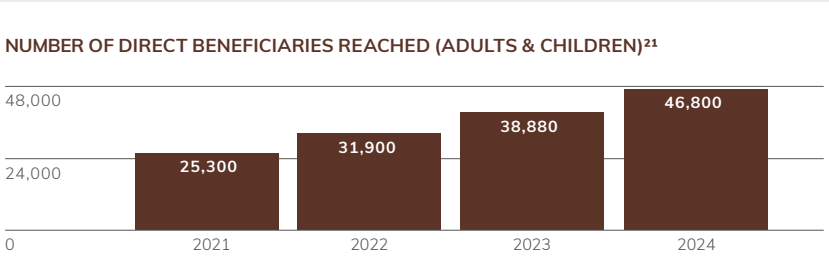
CHILD LABOUR PREVENTION
TÜRKIYE

Hazelnut



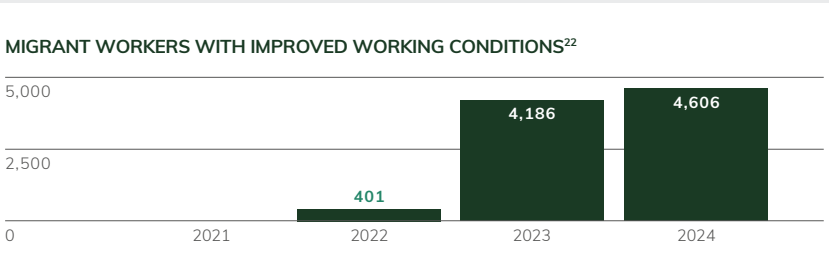
CHILD LABOUR PREVENTION
IVORY COAST

Cocoa



ETHICAL RECRUITMENT & WORKING CONDITIONS IMPROVEMENT
MALAYSIA

Palm oil



HAZELNUT

In 2024, our partnerships with ILO (both direct and indirect via CAOBISCO) have identified a total of 3,020 children exposed in farms, and they have been referred to the nearest schools and social support centres, providing the necessary nutritional support.

COCOA

In partnership with Save the Children, we have reached almost 46,800 adults and children by the end of 2024.

PALM OIL

In partnership with Earthworm Foundation, in 2023/24 we continued our Supplier Engagement Project in Malaysia to enhance ethical recruitment and working conditions. By the end of 2024, over 4,600 workers,[22] direct and subcontracted, have benefited from the project.

21 Mitigation programme includes data from 2020 related to 612 children identified through ILO PPP & CAOBISCO.

22 Total migrant workers (own check roll and subcontracted) with improved working conditions as a result of improvements implemented from Ethical Recruitment Due Diligence (ERDD) and Labour Transformation Programme (LTP) recommendations.

Ferrero's approach continued

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 a yearly basis.

ALL CATEGORIES: SUPPLIER RISK MANAGEMENT AND DUE DILIGENCE

SHARED WITH ALL FERRERO'S SUPPLIERS

Scan or read more about it by clicking here

SELECTED CATEGORIES: COMMODITY CHARTERS

Scan or read more about it by clicking here

Scan or read more about it by clicking here

Scan or read more about it by clicking here

Scan or read more about it by clicking here

SELECTED CATEGORIES: PROGRESS REPORTS

Scan or read more about it by clicking here

Scan or read more about it by clicking here

Scan or read more about it by clicking here

Our human rights and social case studies

Human rights and social practices

Our approach to addressing salient human rights issues varies across initiatives and activities, involving supply chain traceability, risk assessments, capacity building, 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 rights to education and a safe environment.

CASE STUDY

HAZELNUT: PROGRAMMES IN TÜRKIYE

OVERVIEW OF ACTIVITIES IN 2024 – PERIMETER: ILO, FFV, AND LOCAL PARTNERS AND SUPPLIERS IN TÜRKIYE

# of children reached (identified)	3,267
# of children prevented from work	3,044
# of families reached	4,435
# of intermediaries that received training and counselling	337
# of garden owners that received training and counselling	3,187
# of hygiene kits delivered	1,793
# of educational materials delivered	2,954
# of beneficiaries through improvement activities	481

Ferrero Farming Values (FFV)

Child protection is an important part of our Ferrero Farming Values (FFV) sustainability programme for hazelnut, which has been active in Türkiye since 2012. Our FFV team in Türkiye is present on the ground, running training and audits and engaging with farming communities to raise awareness and improve social practices.

Through our FFV sustainability programme and our engagement with the ILO (via Public-Private Partnerships (PPP) & CAOBISCO), we are active in all our hazelnut sourcing areas in Türkiye. During the 2024 growing season, we reached over 3,000 children of seasonal agricultural workers in Türkiye, offering educational activities in a safe and supportive environment in collaboration with the ILO, alongside our FFV team, local partners, and authorities.[23]

Through our activities and partnerships, we also distributed educational and hygiene kits for families and, as a part of the PPP with ILO, we are implementing improvement activities in the accommodation areas and working areas, including worker houses, camp areas and orchards, of seasonal migrant workers.

ILO partnership: Activities on the ground

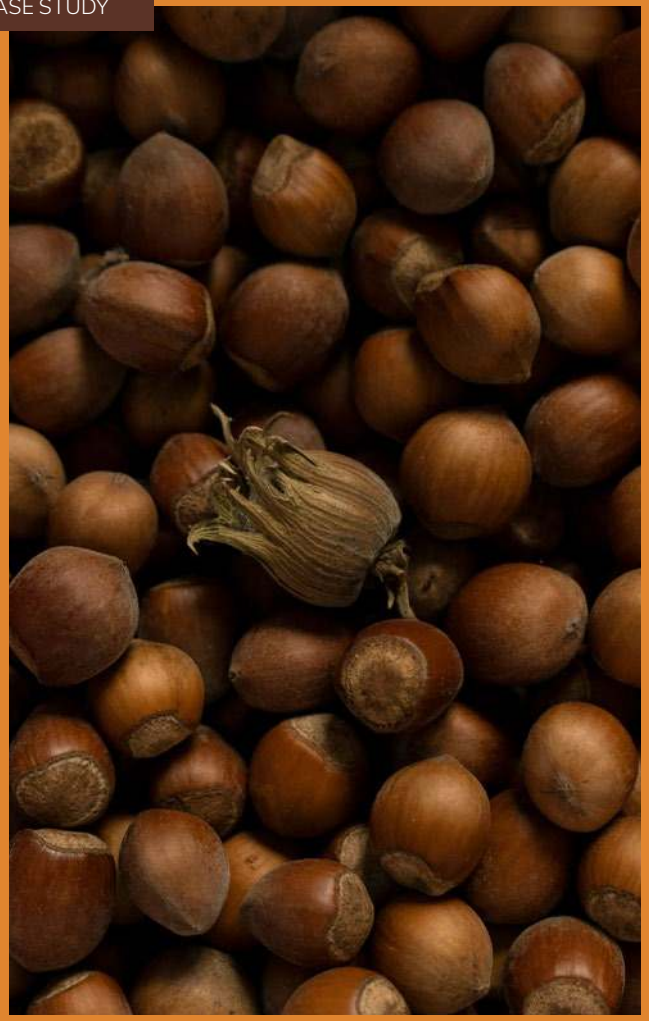
In 2024, we renewed our partnerships with ILO (PPP & CAOBISCO) for another three years. In this new phase of partnerships, we confirmed the project's geographical scope, covering all the sourcing provinces,[23] and the scope of activities, building upon the experiences and learnings from the previous years of implementation.

Under the PPP framework, the project will continue to enhance and facilitate the exchange of government, private sector, social partners and civil society experience in addressing child labour, particularly in hazelnut supply chains, as a means to maximise collective learning opportunities among the project stakeholders for the elimination of the Worst Forms of Child Labour (WFCL) in seasonal agriculture.

23 Provincial Directorates of National Education, Provincial Directorates of Ministry of Health, The Education Volunteers Foundation of Türkiye (TEGV), Provincial Directorate of Disaster and Emergency Management and the Turkish Employment Agency.

Our human rights and social case studies continued

CASE STUDY



HAZELNUT: PROGRAMMES IN TÜRKIYE CONTINUED

The project is based on three outcomes:

1. National and local capacity for the elimination of WFCL in seasonal agriculture in hazelnut harvesting strengthened.

2. Working/at-risk children are withdrawn or prevented from work in seasonal agriculture and families take action in eliminating child labour.

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

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

Direct collaborations with Ministry of National Education
Since 2023, we have been collaborating with Ministry of National Education in Düzce and Ordu to provide educational and social programme services for the children where ILO is not active as a complementary programme. In 2024, we engaged with more than 200 children through these collaborations.

Health Screening Project for seasonal workers
2024 marked the third year of our work with the Provincial Directorate of Ministry of Health to implement a health screening project in three provinces: Düzce, Samsun and Ordu. The objective of this project is to facilitate access to health services and support safe and healthy living and working conditions, providing training on health, safety, hygiene, decent working conditions and food safety.

Health screenings are performed with mobile healthcare professionals, providing access to health services and distribution of hygiene materials and first-aid kits for families and children. By recording the diagnoses and treatments results from health screening activities into the official tracking system of the Ministry of Health, seasonal agricultural workers can continue their treatments and access to healthcare services both in the provinces they travel through during the hazelnut harvest and their hometowns. In 2024, we successfully provided health services to 2,269 adults and 1,023 children.

Our human rights and social case studies continued

CASE STUDY

COCOA: PROJECT IN GHANA

Improving cocoa livelihoods and incomes through Wassa Amenfi Cocoa Landscape Initiative, in Ghana

At Ferrero, we primarily source cocoa from smallholder farmers in West Africa. Many cocoa farming families live in poverty, and they face significant barriers to improving their livelihoods and incomes. The families make most of their income from cocoa and a major priority for Ferrero is to support farmers in the transition to more profitable and climate-smart farming. However, farming incomes remain low due to several challenges. Aging cocoa farms result in reduced yields, while disease outbreaks – such as cocoa swollen shoot virus and black pod disease – further threaten crop health and productivity. Additionally, many farmers face economic instability due to their heavy dependence on cocoa, with limited diversification into other crops or alternative livelihoods. Unpredictable weather patterns further disrupt production, impacting both harvest quantity and quality and making it even more difficult for farmers to maintain a stable income. Ferrero implements a holistic and community-based approach to improve the livelihoods and incomes of cocoa farming families, with activities targeting farmers, women, and youth.
A good example of our holistic and community-based approach to supporting cocoa livelihoods and incomes is our new five-year landscape programme in the Wassa Amenfi region in Ghana, implemented in partnership with Preferred by Nature, Solidaridad, Rikolto, the International Institute of Tropical Agriculture, and our cocoa suppliers Touton and Sucden. One of the purposes of the programme is to support 5,000 farmers in establishing diverse cocoa-agroforestry farms, made possible through support to farm planning, distribution of cocoa and multi-purpose tree seedlings, financial incentives for tree planting and maintenance, and registration of tree ownership. If done well, agroforestry can bring multiple benefits for the farmers and their farms, including income diversification and increased food security, and protection against climate change and unpredictable weather, and leads to long-term improvements in the conditions and resilience of the farms.

As cocoa doesn't provide a year-round income, we are also aiming to support farmers, women, and young adults in diversifying their incomes through the establishment of 50 Village Savings & Loans Associations (VSLA) and various income-generating businesses. Through the VSLAs, participants get access to small loans which they can use to set up small businesses or to pay for the school needs of their children. VSLAs have proven to be effective to support income generation and diversification, especially for women and youth, in cocoa communities.

Starting in 2024, 1,585 farmers received tailored coaching in agroforestry and developed Farm Development Plans, while 26 VSLAs have been established in the communities. With this programme, we have increased the time we spent with each farmer in the field – to make sure that the right trees are planted and nurtured in the right way – and we have further strengthened our monitoring of progress to better understand impacts and opportunities related to agroforestry, income generation, and women and youth empowerment.

These activities form a part of the wider Wassa Amenfi Cocoa Landscape Initiative that aims to develop tailored solutions to declining cocoa production, deforestation, and poverty, enhanced through multi-stakeholder collaboration and research at the landscape level. The programme is supported by the Danida Green Business Partnership under the Ministry of Foreign Affairs of Denmark.

MINISTRY OF FOREIGN AFFAIRS OF DENMARK
Perm Rep of Denmark to the Council of EU

Our human rights and social case studies continued

CASE STUDY

Labour Transformation Programme (LTP) & Ethical Recruitment Due Diligence (ERDD)

In 2021, in collaboration with Earthworm Foundation and Intercontinental Specialty Fats (ISF), we launched two programmes to promote responsible labour practices within Ferrero's palm oil supply chain in Peninsular Malaysia.

The first initiative, the Labour Transformation Programme (LTP), established a framework to assess labour practices at mills and plantations. This assessment covers areas such as employee contracts, wages, working hours, grievance mechanisms, freedom of movement and association, and health and safety policies. Insights from these assessments help mill and estate managers strengthen labour practices.

PALM OIL: LABOUR PRACTICES IN MALAYSIA

The second initiative, Ethical Recruitment Due Diligence (ERDD), focuses on capacity building to reinforce ethical recruitment practices. This programme involves a thorough analysis of recruitment policies and practices at the plantation level, examining – among other criteria – recruitment processes in workers' home countries, incurred fees, provided contracts, and employee rights during their time in Malaysia.

In 2022, two mills and two estates from Johor Plantations Berhad were selected as representative samples for these programmes. Over 150 migrant workers were directly engaged, and more than 400 workers, including direct and subcontracted personnel, benefited from increased awareness of their rights, better understanding of the Company's grievance and whistle-blowing mechanisms, and plans to gradually refurbish housing.

In 2023, the efforts were focused on tracking progress and offering ongoing guidance and support. Monitoring revealed significant improvements, with recommendations from LTP and ERDD adopted across all operational units of this third-party supplier, such as updated and translated employment contracts, development of an Ethical Recruitment Guideline, post-arrival interviews for new workers, and implementation of vendor selection guidelines. These actions benefited more than 4,000 migrant workers when including both direct and subcontracted staff.

In 2024, these programmes were extended to another third-party supplier of Ferrero, directly engaging over 120 additional migrant workers, and reaching over 400 additional workers, direct and subcontracted.

CASE STUDY

Photo: Community Relations Manager (Palmas del Ixcán, Marvin Pacay) showing their efforts to socialise their Grievance Mechanims.

PALM OIL: GUATEMALA SOCIAL PROJECT

In line with our objectives to diversify our support initiatives in other geographical areas, in 2023 Ferrero became a supporter of the Guatemala Social Performance multistakeholder project, led by Earthworm Foundation (EF) and GREPALMA, to improve grievance mechanisms and human rights policies for Guatemalan palm oil suppliers. During 2023/24, four suppliers participated in assessments and developed action plans to address identified gaps.

In 2024/25, Earthworm Foundation will monitor the implementation of these action plans and assess the impact on the communities within the influence of the four participating suppliers in terms of access to present claims. This initiative, involving 11 mills, represents over 40% of Guatemala's palm oil production and is expected to benefit around 38,000 workers with improved community access to claim mechanisms.

Our environmental protection case studies

Environmental protection

Our approach to environmental protection is rooted in our commitment to engage and collaborate with farmers 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 and responsible pest and disease strategies.

CASE STUDY

HAZELNUT: FOSTERING THE PRINCIPLES OF REGENERATIVE AGRICULTURE

In collaboration with farmers and suppliers, we promote regenerative agriculture to improve the environment and farmers' wellbeing. Through Ferrero's Hazelnut Company (HCo), we support hazelnut cultivation by advancing and demonstrating the benefits of regenerative practices. At Ferrero, we understand the fundamental role of natural habitats, soil, and water in regulating the climate and supporting biodiversity for humans, animals, and plants. Our hazelnut orchards, along with those we source from, are part of a larger ecosystem. The health of these orchards is closely tied to farming practices and the surrounding environment. Acknowledging the wider environmental impact, Ferrero is committed to monitoring and reducing carbon emissions across the supply chain to address climate change. We aim to create a hazelnut value chain that not only respects but actively regenerates biodiversity, soils, and water systems, fostering healthy farming ecosystems that benefit both farmers and the environment. This approach also helps build resilience to climate change, reduces greenhouse gas emissions, and enhances carbon storage on farms.

Ferrero manages ten farms located across four countries worldwide. Our farms play a crucial role in conducting research and integrating innovative, cutting-edge practices – insights that can bring value to the entire hazelnut community. Additionally, they serve as an important knowledge hub for local farmers. Each of our farms has a comprehensive Farm Management Plan with key performance indicators to enhance its regenerative performance.

Our Agri Competence Centre (ACC) conducts research and disseminates scientific knowledge related to hazelnut cultivation worldwide. Our aim is to enhance the quality and productivity of the crop, tackle pest-management challenges, embrace regenerative practices, and introduce climate-resilient hazelnut cultivars. Our initiatives included conducting trials to optimise water consumption and organic soil matter, assessing carbon emissions and sequestration, and implementing integrated pest and disease management strategies. Another priority has been to develop guidelines and manuals for farmers worldwide, which we use for capacity building for farmers and stakeholders locally in countries such as Chile, Italy, and Türkiye. For example, with the International Union for Conservation of Nature (IUCN), we have developed Guidelines for Sustainable Hazelnut Production. IUCN provided strategic and technical support on regenerative agriculture, including defining KPIs for hazelnut cultivation.

Our environmental protection case studies continued

CASE STUDY

24 Hotspots of cocoa, threatened forests and multiple stakeholders and actors. HIAs constitute 100,000-200,000 ha landscapes with farms, forests, rivers, and other resources. They are made up of communities, farmers and traditional leaders who voluntarily enter into a process to govern the natural resources on their land and in the landscape. HIAs are target landscapes for the implementation of REDD+ and sustainable, climate-smart cocoa production.

COCOA: PROJECT IN GHANA

The Kakum Sustainable Landscape Project in Ghana

This project is an innovative, community-driven public-private partnership, led by the Ghanaian NGO Nature Conservation Research Centre (NCRC). The project operates in the landscape surrounding the Kakum National Park, a biodiversity-rich area facing threats from deforestation and unsustainable cocoa farming. The project serves as a model for how collective action can protect forests, promote sustainable agriculture, and enhance community livelihoods.

The Kakum National Park, located in the Central Region of southern Ghana, is a 375 square kilometres area known for its diverse ecosystem and endangered species. In 2017, Kakum was designated as one of six Hotspot Intervention Areas (HIA)[24] by the government of Ghana, recognising the need for interventions to protect the forest and its biodiversity.

The Kakum Sustainable Landscape Project was launched in 2018 as a multi-stakeholder effort, with an overall ambition to transform the landscape into climate-smart cocoa agroforestry systems that balance economic, environmental and positive social impacts. The project focuses on:

- Sustainable Cocoa Farming – Promoting agroforestry to improve yields and diversify farmer incomes.
- Forest & Biodiversity Protection – Conserving carbon stocks and preserving natural ecosystems.
- Climate Resilience – Helping farmers adapt to climate change while ensuring long-term livelihoods.
- Human-Nature Coexistence – Creating a balanced landscape where people and nature thrive together.

One of the characteristics of the project that makes it successful is its governance set-up, the Community Resource Management Area (CREMA) mechanism, which is truly bottom-up, and establishes local governance structures involving traditional authorities, community leaders, and other stakeholders, overseeing landscape management and planning.

Since its launch in 2018, the project has achieved outstanding results. By 2022, deforestation within the Kakum National Park had been drastically reduced, and the park had begun to function as a carbon sink. In addition, the forest reserves across the HIA area were also rapidly stabilising, with the rate of deforestation in the forest reserves across the HIA area declining by 60% and the rate of forest degradation declining by 70%.

The Kakum Landscape Project is setting the stage for long-term sustainability with a 20-year vision guided by HIA leaders, with the support of NCRC. As a pioneering model under CFI, it demonstrates how forest conservation and thriving cocoa communities can go hand in hand, inspiring future initiatives across cocoa-growing regions. NCRC also partners with Oxford University and its Leverhulme Centre for Nature Recovery (LCNR). This important partnership will facilitate more complex analysis and understanding of the project over the long term.

The Kakum landscape governance system is now fully developed, covering 61,000 hectares around the park. It includes 12 CREMAs, and 136 communities. Ferrero supports the Twifo Parso-Camp Sub-HIA, located west of the park, which consists of two CREMAs representing 25 communities.

The project has supported the election of the first woman as Chairperson of a CREMA in Ghana.

Our environmental protection case studies continued

CASE STUDY

PALM OIL: NATURE-BASED SOLUTIONS IN MALAYSIA

For a sustainable supply chain, we need to reduce chemical pesticide use and ensure a responsible use of synthetic fertilisers to promote resilient, nature-based and biodiversity-friendly production practices. Through our nature-based solutions programme, we seek to leverage the power of nature to restore and boost ecosystem services and biodiversity within the landscapes where we source our palm oil.

Since 2021, we have collaborated with the Sustainable Agriculture Network (SAN) and its member organisations to conduct a pilot research project to understand the potential of native plant diversity in the suppression of insect pests, which resulted in the identification of best-in-class plant species that were either already present in the palm oil fields or could be propagated to support beneficial insect populations.

Based on these results, in 2023 the project progressed from a small pilot with a few smallholders, to become a proof-of-concept involving both smallholder farmers and a medium-sized estate, covering a total of 1,700 hectares of palm oil fields in the Johor and Perak regions.

The project team selected six native plant species to be propagated, and developed an ecological insect network to understand how those plants can both help beneficial insect populations and suppress or deter pest insects in the fields. Accordingly, the local teams propagated the selected beneficial species to plant habitat islands benefiting hundreds of hectares of crop, with regular monitoring activities to assess their contribution to pest management.

At the same time, the team worked on developing a business case for nature-based solutions through modelling of different scenarios. The projections were clear and promising, as they showed that palm oil agroecosystems that incorporate nature-based solutions, such as native plant species, have a higher profitability and a more stable production compared to the "business as usual" crops, that rely on higher levels of synthetic pesticides and fertilisers. Local capacity was also developed to lay the foundations for the future training of smallholders and plantation staff in the proper application of pesticides.

During 2024, the project delivered a full report on the field results in both the smallholder and medium-sized estate contexts regarding the most cost-effective establishment of habitats for natural and beneficial plants and insects, and published a scientific article to share the results of the different studies. This evidence, together with a new tool package with sector guidance for nature-based solutions to manage pests, is forming a base for disseminating knowledge and replicating the programme across other landscapes where we source our palm oil.

"Putting nature back into balance is one of the safest long-term strategies to avoid or significantly reduce severely damaging insect pest outbreaks in Malaysian oil palm landscapes, and we are doing this through the active promotion of native plants that provide resources for beneficial insects in the crop understory. Cultivating palm in a stable and biodiverse agroecosystem yields multiple benefits, including a reduction of chemical input costs, an increase of ground cover contributing to farm soil health, and enhanced farmer support and capabilities to adapt to increasing temperatures and changing climates."

Oliver Bach,
Senior Lead, Biodiversity & Nature-based Solutions – SAN

Our priorities going forward

Regulations

In the fiscal year 2024/25, we are maintaining our focus on tackling the evolving challenges in the regulatory landscape. We remain dedicated to ensuring full compliance with the approved European regulations, including:

- EUDR (EU Regulation on Deforestation-free Products)
- CSRD (Corporate Sustainability Reporting Directive)
- CS3D (Corporate Sustainability Due Diligence Directive)

We are committed to staying proactive and well-prepared for any developments in these regulations as they emerge.

Ferrero fully supports the EUDR as a critical measure for the sustainability of our planet's forests and future supply chains. Traceability and Due Diligence are pillars of the way we've done business and worked with suppliers for several years now. A dedicated process of Non-Deforestation Verification (NDV) with suppliers of cocoa, palm oil and coffee has been developed and will be performed by Ferrero to support the smooth implementation of the regulation.

Regenerative agriculture

Another priority on our radar is regenerative agriculture and its importance in strengthening the resilience of farming systems and livelihoods, protecting biodiversity, water and soils, and to mitigate and adapt to climate change. We have several programmes in the field through which we support farmers in adopting sustainable and regenerative farming practices. For example, in West Africa, we support a large-scale conversion to cocoa-agroforestry systems through training and distribution of shade trees. For palm oil, we have been researching nature-based pest management practices with the Sustainable Agriculture Network (SAN) and producers in Malaysia, an effort we are planning to scale to Indonesia. For hazelnuts, we are extensively piloting regenerative practices across our own hazelnut farms while strengthening the capacity of hazelnut farmers.

Looking ahead, we aim to:

- Develop an action plan and monitoring framework for regenerative agriculture for our key commodities.
- Strengthen existing programmes in the field and further advance monitoring of progress and impacts.
- Continue the development of guidelines for regenerative farming and capacity-building programmes for farmers and supply chain stakeholders.

Continuous improvement

At Ferrero, we are committed to continuously improving our current approach, policies, processes and systems. In 2024/25 we will diligently continue to master our responsible sourcing approach and further scale up our activities where we see opportunities:

- We will continue our due diligence on the full portfolio of suppliers, in line with the recently approved CS3D but more specifically in line with the stricter German Supply Chain Act (LkSG) regulation.
- We maintain our commitment to high levels of traceability, verification and certification of our core commodities notwithstanding the challenges arising from the acquisition of new companies with different sourcing practices.
- We have plans to further continue our robust partnerships on the ground with the ILO for hazelnuts in Türkiye, with dairy suppliers to support farmers in adopting sustainable practices 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, in the Ivory Coast.

Promoting responsible consumption

Key achievements

- 100% Ferrero plants certified against Global Food Safety Initiative (GFSI) recognised Standard
- Zero critical non-conformities detected during FSSC22000 audits
- Offering most of our products in carefully defined serving sizes
- Under the guidance of the Nutrition Board, we are developing science-based, category-specific nutrition guidelines to drive product innovation and monitor our portfolio's nutritional composition. In collaboration with public health experts, these guidelines will consider nutrition science, taste and dietary recommendations
- Our overall compliance rate was 98.93% for television advertising and 88.89% for online advertising

This pillar relates to the following material issues

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

How we align with the SDGs

Promoting responsible consumption continued

Introduction

Since our inception and 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 exceptionally important for developing Kinder Surprise toys, and all must comply fully with international regulations and our own set of 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 about it by clicking here

Products and ingredients safety and quality

We firmly believe that food safety and quality constitute a fundamental requirement, which protects customers and 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.

"At Ferrero, Food Safety & Quality (FSQ) is non-negotiable and it drives everything we do, to fulfil our mission to 'deliver safe products and superior experiences, every day, everywhere, to our consumers for whom we care'. This is supported by a strong FSQ culture which is deployed throughout the organisation to communicate our key values and reinforce our passion for excellence. Leadership engagement, consistent communication and cross-functional collaboration are critical factors in engaging all employees and encouraging them to get involved in continuous performance improvement, instilling pride in Ferrero FSQ practices."

Monique Pellegrino, Chief Food Safety and Quality Officer

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 performance (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:

- Supplier manufacturing:
  - Second-party audit (supplier audit): conducted by FSQ internal auditors to evaluate suppliers' FSQMS and their ability to comply with Ferrero's requirements.
- Internal manufacturing network:
  - First-party audit (internal audit): conducted by FSQ internal auditors within the whole organisation. Also serves 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.
  - Third-party audit (certification audit): conducted by fully independent external certification bodies.

Regarding our FSQ certification programmes (GFSI-recognised standards and ISO 9001), in fiscal year 2023/24 we received more than 45 audits by third-party certification bodies. All Ferrero plants, including the 6 HCo manufacturing sites, are certified by 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). Our goal is to progressively extend FSSC22000 certification to all the sites, to have a harmonised standard of reference. The FSSC22000 certification audits for the fiscal year 2023/24 have yielded very positive results, with no critical non-conformities identified.

In reference to the ISO 9001 certification, third-party inspections of the Company headquarters in Luxembourg obtained great results.

CASE STUDY

Food safety risks horizon scanning

Ferrero is boosting its capabilities in anticipating, evolving and emerging FS risks with a digitalised Horizon Scanning process and enhanced governance. This process is based on a four-step approach:

1. Exhaustive and continuous monitoring of the scientific and regulatory evolution by our experts.
2. Consolidation of the information collected by a multidisciplinary group (scientists, risk managers, regulatory affairs) in a database, enabling the qualification of the potential issues.
3. Evaluation of the impact of each topic on Ferrero's business and the potential need to put in place specific mitigation plans.
4. When required, set-up of mitigation measures integrated in the FSQMS.

Products and ingredients safety and quality continued

Food safety and quality

OUR APPROACH

Based on our mission, our FSQ objectives are based on three pillars:

STRATEGIC IMPERATIVES

Maintain CONSUMER TRUST	Drive CONSUMER PREFERENCE	Enable OPERATIONAL EXCELLENCE
Through product safety	Through unique and superior experience	Through obsession for excellence
We ensure consumer trust through product safety. We developed the FSQMS 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 2023/24, we carried out 736 supplier audits. – 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.	We craft delicious products to offer our consumers a superior and unique experience, striving for excellence through our passion for quality. During fiscal year 2023/24, we carried out 922,714 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 2023/24, we carried out more than 1,000,000 individual tasting sessions at our Head Office, in our plants and in the 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.	Our commitment to excellence starts with 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 deviations 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

Develop a robust FSQMS	Raise FSQ capabilities	Build collaborations within the scientific and regulatory ecosystem	Strengthen FS and quality culture
– Developing a rigorous FSQMS with well-designed processes, governance and documentation. – The performance of our FSQMS is 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 process digitalisation. In fiscal year 2023/24, 42,980 learning hours were delivered to 5,300 participants. This included more than 180 learning solutions at a global and local level.	– Building appropriate relationships within the scientific and regulatory ecosystem, to gain access to valuable insights and the latest scientific developments, contribute to shaping regulations, and participate 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.

Products and ingredients safety and quality continued

Quality and safety of our Kinder Toys

Safety is a key pillar in the design process of our Kinder Toys. The Ferrero Toys Testing Protocol states that Kinder Toys must comply fully with international toy regulations and 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 commercialise KINDER 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 dimension and shape of any Kinder Toys and their individual parts, avoid all batteries and magnets and carefully select high-quality materials, to avoid breakages.

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

- Safety assessment: of all Kinder Toys, using accredited external laboratories.
- Medical check: a specialist team analyses and evaluates all Kinder Toys, based on accepted medical criteria.
- Age-grading evaluation: an independent third party evaluates all Kinder Toys according to internationally recognised age-grading guidelines to confirm they are suitable and appeal only to children above three years old.
- Toy-certification tests: through independent world-leading laboratories in safety testing and certification.

We implemented a rigorous code of conduct for all our suppliers to ensure that they operate in compliance with our requirements on working conditions. Manufacturers undergo strict audits, performed according to the SMETA methodology, and undergo inspections from two certified and globally recognised third-party bodies – Bureau Veritas and Intertek – to ensure that they comply with our ethical requirements.

CASE STUDY

The value of play

For 50 years, we have been encouraging play to promote children's joyful growth and moments of sharing within the family through our Kinder Toys. To support these moments, we develop "edutainment" themes like the buildable animal toys of our Natoons collection, designed to spark children's imagination and support storytelling and discovery while playing. All Kinder 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.

CASE STUDY

Learning through digital play

We designed Applaydu with the objective of developing a fun and engaging digital play experience, while ensuring it was accurately crafted to support a child's development.

We did it through the Learning for Families through Technology (LiFT) project: a research-based collaboration between Ferrero International, Gameloft and the Department of Education at the University of Oxford investigating the value of play in children's development, with a particular focus on how children can learn through digital technologies. The research has thus far revealed that digital play can have a positive impact on children's learning outcomes across the three key learning areas we have been investigating – vocabulary, creativity, and family interactions.

The Applaydu app is COPPA 2.0 certified and received the highest score on the Educational App Store. The app complies with the EU Pledge, and it does not contain Kinder branding or products, ads, marketing messages, or in-app purchases.

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 keep quality, taste and consumer expectations as central pillars of our products.

Our approach

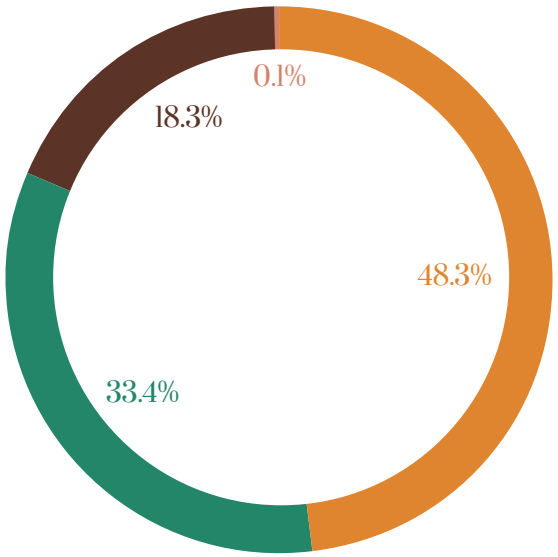
We produce and market some of the world's best-loved confectionery products and believe all foods can be enjoyed as part of a varied and balanced diet, combined with a physically active lifestyle. This is underpinned by the growing evidence that the health effects of dietary habits are derived from all food components and their interactions, and not from a single nutrient or food type.[25] In line with nutrition science[26] and dietary recommendations, our strategy is based on the following key principles:

- In order to help consumers make responsible consumption choices, we strive to make most of our products available in carefully defined serving sizes, allowing consumers to manage their daily energy needs within their overall diet.
- Promoting nutritional value by broadening our ingredients, looking to include legumes, whole grains, proteins, fruits, nuts and seeds, to provide diverse levels of micronutrients.
- 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.[27] In fiscal year 2023/24, our analyses included the products of our acquisitions: Thorntons, Fannie May, former Nestlé US confectionery business, ICFC and former Kellogg's cookie, crust and cone businesses. We are aligning this, step by step, within the pillars of our historical range of products. We assessed 191 product data records[28] (PDRs) covering around 93%[29] 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.

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



25 The relationship between lifestyle components and dietary patterns https://pmc.ncbi.nlm.nih.gov/articles/PMC7663317/pdf/S0029665120006898a.pdf.
26 When a portion becomes a norm: Exposure to a smaller vs. larger portion of food affects later food intake – PubMed.
27 The nutritional analysis was carried out taking into consideration the EU Regulation, while for the latest acquisitions (Fannie May, former Nestlé U.S., former Kellogg's cookie, crust and cone businesses) we followed U.S. legislation.
28 Product Data Records (PDRs): are aggregated products with similar nutritional characteristics (delta Energy <5% on average value among "flavours'/'version" of the same product).
29 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).

Nutrition and lifestyles continued

Great brands in small servings

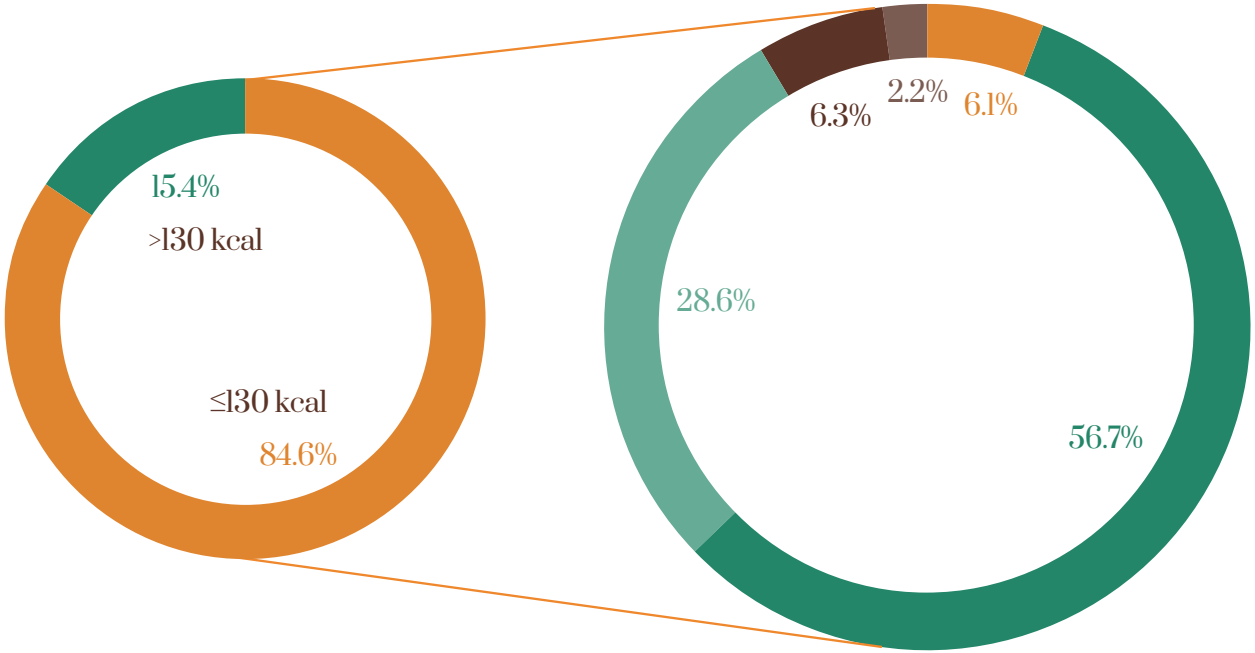
We offer most of our products as single wrapped servings. This lets people enjoy them within a varied diet, in serving sizes of a reasonable calorie amount. As with our nutritional principles, in fiscal year 2023/24, around 85% of our marketed volumes have a serving size containing 130 kcal or less, around 63% were marketed in a serving size of 100 kcal or less, and around 91% are below 150 kcal per serving.

We are working to apply the common standards of our historical Ferrero products to the latest 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, to let those consumers adapt gradually to our nutritional principles.

We have scientific data on the glycemic index (GI) of around 72% 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.[30] Due to their composition and structure, most of our analysed product data records[31] (PDRs) have a low (55 or less) or medium (56–69) GI: around 84% are rated low GI, around 8% medium, and only 8% high GI (70 and above). We determine the GI of new products when they are launched.

30 Glycemic index, glycemic load and glycemic response: An International Scientific Consensus Summit from the International Carbohydrate Quality Consortium (ICQC) – ScienceDirect.
31 Product data records: aggregated products with similar nutritional characteristics (delta Energy <5% on average value among 'flavours'/'version' of the same product).

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



● ≤10 kcal ● >10 – ≤100 kcal ● >100 – ≤150 kcal ● >150 – ≤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 (FY 2023/24).

Calories	FY 2021/22	FY 2022/23	FY 2023/24
≤10 kcal	4.5%	4.5%	6.1%
>10 – ≤100 kcal	60.7%	61.1%	56.7%
>100 – ≤150 kcal	26.0%	25.8%	28.6%
>150 – ≤200 kcal	5.5%	5.7%	6.3%
>200 kcal	3.4%	2.9%	2.2%
≤130 kcal	86.2%	86.2%	84.6%

Nutrition and lifestyles continued

Our performance

Controlling the serving size of our products is an effective way to limit the intake of typical nutrients in confectionery, such as sugar and fats. Our PDRs have an average content of 9.8 g of total sugars per serving, 6.0 g and 3.4 g per serving of total fat and saturated fatty acids respectively, and 0.032 g of sodium per serving.

INDUSTRIAL TRANS FATTY ACIDS (iTFAS):

Since 2006, we have stopped using partially hydrogenated fats in Ferrero legacy brands. 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 the WHO recommendation to limit industrial trans fats at a global level.[32] 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 100% of our sodium-relevant foods portfolio. The table below highlights the % of compliance with the IFBA Global Sodium Reduction Commitment for fiscal year 2023/24.

In 2025, we will exceed the 90% target as our compliance level will be at 100%. By 2030, we expect our compliance level to be at 96%-100% due to new acquisitions. This still exceeds the 2030 target of 75%.

Food education approach

Our science-led approach to food education promotes balanced nutrition and informed dietary choices. We continuously evolve our research and education programmes, collaborating with experts across various specific fields to enhance food and nutrition knowledge within the Company.

We stay abreast of the latest science-based data on the impact of ingredients and our products on both human and planetary health, sharing our findings with the scientific community. A key focus is providing science-based information to consumers, including our programme to mitigate allergic reactions and support the ACT-UP! Initiative by the World Allergy Organization (WAO) for harmonised allergen labelling.[33]

We have collaborated on a large scale with the scientific community – e.g., with nutritionists, health specialists, clinicians, medical doctors, and others – to support increased awareness of up-to-date nutrition science. Our collaborations with university research groups and well-known experts are based on principles of impartiality, independence, and intellectual freedom. In fiscal year 2023/24, we carried out and supported scientific publication and research with internationally recognised scientific institutes.

We have published an official list of research results on our global website, showing the scientific work we have undertaken in the last year.

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	96%*
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	98%*

*Data based on Ferrero Sustainability Report 2023/24.

32 WHO welcomes industry action to align with global trans fat elimination targets.
33 Time to ACT-UP: Update on precautionary allergen labelling (PAL) – World Allergy Organization Journal.
34 Exploring the future of vegetable oils | IUCN Library System.

CASE STUDY

Sustainable nutrition

Our daily nutritional choices significantly influence our health and longevity, while current food production and consumption methods strain both the environment and resources.

Nutrition, therefore, plays a key role in enhancing both human health and environmental sustainability. Advocating for dietary habits that strengthen and increase personal health and reduce environmental degradation is essential.

With this aim, in 2020, Nutella established the Sustainable Nutrition Scientific Board (SNSB), comprising renowned international experts from different disciplines who independently investigate the link between environment, food production, and nutrition. Our goal is to generate a positive impact by investing in scientific research that will benefit consumers, society, and Ferrero.

In 2024, the SNSB, in collaboration with the IUCN Oil Crops Task Force, published a co-joint report titled "Exploring the Future of Vegetable Oils".[34] The main takeaway from the report is that there are no inherently good or bad oil crops; instead, it is the practices that determine their impact. As Prof. Meijaard, the report's lead author, stated: "What this report shows is that positive environmental outcomes can be achieved with all oil crops. With the right investment, planning, policies, and improved crop production methods, oil crop areas can offer substantial opportunities for reducing biodiversity loss, addressing human rights issues, and restoring nature."

Responsible marketing and communications

At Ferrero, we are committed to providing responsible messages that help consumers make appropriate choices about what they eat and drink. We believe that correct communications 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 and as one of the leading producers of sweet-packaged foods, we must ensure our communications help consumers make informed decisions on product consumption. Alongside adhering to relevant consumer and marketing laws, responsible marketing allows us to respect our consumers by helping them in making informed decisions about the food products they purchase.

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.[35] 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, the EU Pledge and the Children's Food and Beverage Advertising Initiative (CFBAI).

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.

We also provide in-person and online training on responsible marketing as part of our Marketing Academy.

THROUGH OUR MARKETING COMMUNICATIONS, WE ARE COMMITTED TO:

- Not marketing products primarily to children because they cannot make the right choices for themselves yet
- Being sensitive to cultural and social circumstances
- Encouraging responsible consumption
- Truthful, fair and evidence-based advertising
- Treating people's data and privacy with the highest respect and in strict compliance with applicable regulations
- Authentically portraying a diverse world where people feel included

35 Both Directives have been transposed into different national laws which are applied alongside national advertising codes as well as consumer codes.

Responsible marketing and communications continued

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, in all our marketing communications we apply the "Framework for responsible food and beverage 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. Globally, 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. Accordingly, we commit worldwide to avoid product marketing communications that are primarily directed to children under 13 years old in the following covered media: TV, radio, print, cinema, online,[36] DVD/CD-ROM, direct marketing, product placement, interactive games, outdoor marketing, mobile marketing and contracted influencers.

36 Including social media and other online platforms and sites, including company-owned websites and video-sharing platforms, such as YouTube.

We also commit to portray active lifestyles in our advertising and marketing, especially when including children. 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 a specific 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.

Ferrero adheres to local food marketing voluntary pledges or industry codes globally, avoiding directing advertisements at children, and our compliance is monitored and reported annually by relevant authorities. For example, in Europe we are a founding member of the EU Pledge, a commitment to the EU institutions to support parents in making the right diet and lifestyle choices for their children. In the U.S., as part of the Children's Food and Beverage Advertising Initiative (CFBAI), Ferrero pledges not to engage in marketing primarily directed to children in any media. In Canada, Ferrero is committed to the Code for the Responsible Advertising of Food and Beverage Products to Children, which expands upon the legislative, regulatory and self-regulatory regimes that already exist in Canada.

"Ferrero U.S.'s participation in the Children's Food and Beverage Advertising Initiative demonstrates its commitment to responsible marketing practices. CFBAI has found Ferrero's compliance with its pledge to not advertise to children to be excellent, and Ferrero continues to play an important role in helping to improve the landscape of food and beverage advertising to kids."

Daniel Range, VP of CFBAI

ENVIRONMENTAL CLAIMS IN ADVERTISING

We believe that voluntary environmental claims should be reliable, relevant, clear, transparent, substantiated and accessible to allow consumers to make informed purchasing decisions. Environmental claims should also be based on robust, credible, science-based and internationally recognised methodologies. Ferrero supports harmonised rules on environmental claims to provide economic operators with legal certainty and guidance on communication and substantiation requirements, while guaranteeing a level playing field.

We have internal guidelines to ensure that our environmental claims are clear, substantiated and evidence-backed, to prevent misleading consumers. Our internal guidelines are also based on the International Chamber of Commerce (ICC) environmental claims principles and harmonised checklists adopted in line with existing environmental codes around the world.

Responsible marketing and communications continued

In Australia, we contributed to the development of the new Australian Association of National Advertisers (AANA) Environmental Claims Code, which strengthens the advertising industry's commitment to responsible environmental marketing. It complements and reinforces the Australian Competition and Consumer Commission (ACCC) Guidance on Environmental Claims, ensuring that environmental messaging is truthful, clear and verifiable.

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 U.S. we voluntarily follow the guidelines of the National Confectioners Association (NCA) and Consumer Brands Association.

Our performance in the year

Our compliance with the EU Pledge is monitored annually and independently by Ebiquity for television advertising[37] and by the European Advertising Standards Alliance (EASA) for online advertising (company-owned websites, company-managed social media and company-recognised influencers).[38] In 2024, our overall compliance rate was 98.93% for television advertising and 88.89% for online advertising.[39]

CASE STUDY

Responsible Marketing Challenge with JA Europe

Ferrero and JA Europe, Europe's largest non-profit inspiring young people to succeed in the workplace, engaged students from Belgium and the Netherlands in a real-life marketing challenge. University students aged 18-25 formed teams of three to develop campaigns promoting responsible marketing practices for chocolate snacks. The finalists presented their ideas on 22 November 2023 at the Italian Institute of Culture in Brussels, before a jury of experts from the FMCG industry, education sector, and European institutions.

The winning team visited Ferrero's Brussels office, where they explored brand marketing strategies and discussed responsible marketing and sustainability. Reflecting on the experience, they said: "Visiting Ferrero was incredible. We learned how responsible marketing is applied in a global company, inspiring us for our future careers."

This initiative is part of Ferrero's commitment to promoting responsible marketing and fostering awareness among young people. It encouraged creativity and innovation while emphasising the participants' dedication to responsible business practices.

Diana Filip, Deputy CEO and Chief Development Officer at JA Europe, highlighted the impact of the programme: "Through this collaboration, we empowered young people to address real-world challenges in responsible marketing with fresh perspectives. Their creativity and dedication were truly inspiring."

37 In Q1 2024 Ebiquity monitored TV advertising broadcast in France, Germany, Italy, the Netherlands, Romania and Spain.
38 In 2024, 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, Hungary, Italy, the Netherlands and Spain.
39 100% for company-recognised influencers, 100% for company-managed social media and 66.67% for company-owned websites.

Our priorities going forward

Nutrition and lifestyles

We are always looking at how to keep 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.

We are developing a set of science-based nutrition guidelines, which will guide our approach to product innovation and track the nutritional composition of our global product portfolio.

A cross-functional team, including internal and external nutrition scientists and food technologists, will develop and periodically review these guidelines.

The details of these nutritional guidelines will be published in next year's Sustainability Report.

Product and ingredient safety and quality

- Ensure comprehensiveness, continuous upgrade and efficacy of our Food Safety and Quality Management System (FSQMS).
- Deepen performance analysis and data insights through technological solutions in data mining and processes digitalisation.
- Keep building team capabilities by enlarging the food safety expertise and working with recognised scientists in the field.
- Strengthen our connections within the scientific and regulatory ecosystem.
- Enhance the food safety and quality culture across the Company through a dedicated programme to engage all employees in protecting our core value.

Empowering people

Key achievements

- People Development Framework implementation
- Publication of the Workplace Adjustments Policy

This pillar relates to the following material issues

- Building an inclusive culture
- Human rights in the supply chain
- Corporate advocacy and industry collaboration
- Farmer livelihoods and community development
- Occupational health, safety and wellbeing
- Employee satisfaction and development
- Employment and labour relations

How we align with the SDGs

Empowering people continued

At Ferrero, we work on building a fair and inclusive workplace that offers a good working environment, robust career planning, and opportunities for all employees to fulfil their potential.

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.

POLICIES

- Code of Business Conduct
  Scan or read more about it by clicking here
- Human Rights Policy Statement
  Scan or read more about it by clicking here
- Ferrero Code of Ethics
  Scan or read more about it by clicking here

OUR FOCUS AREAS

Engaging our people
Communicating clearly with our people and listening to their needs and requests.

Human rights
Preventing all forms of modern slavery, human trafficking, forced, compulsory and prison labour, and child labour and discrimination from our entire value chain.

Employment and labour relations
Conducting discussions and reaching agreements with our employees and their representatives.

Diversity, equity and inclusion
Building a diverse, equitable and inclusive culture where all employees feel welcomed and appreciated.

Community outreach
Encouraging children's natural inclination to be active, move and play through the Kinder Joy of moving. Adding value to local communities through the Michele Ferrero Entrepreneurial Project and supporting our workforce beyond the workplace through the Ferrero Foundation.

Health, safety and wellbeing
Creating and promoting conditions that improve our people's long-term health and wellbeing.

Developing our people
Providing training, programmes and tools to help our people reach their potential.

Engaging and developing our people

At Ferrero, we strive to foster an inclusive culture where every colleague plays a role in our Company's success. Throughout the year, we continued implementing initiatives to enhance employee engagement.

Developing our people

MENTORING

In line with our commitment to the People Development Framework, the Ferrero Global Mentoring Programme has been enhanced to offer more structured development paths, fostering continuous learning and professional development to support the growth and development of our employees across the organisation.

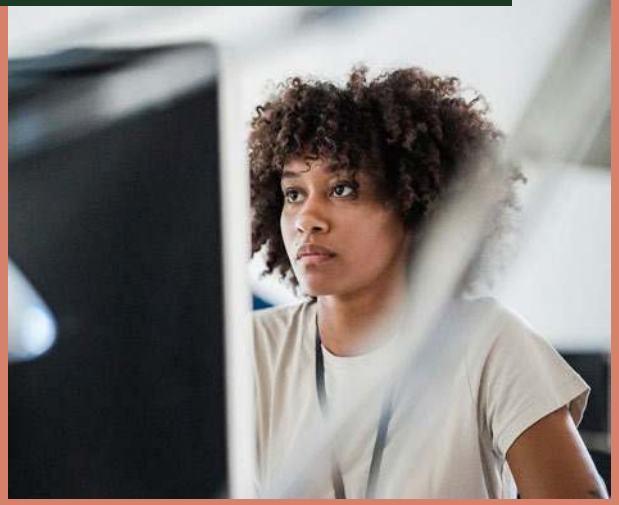
The main enhancements include reviewed eligibility criteria for mentees and mentors to provide a more inclusive approach, digitalisation of the process for better tracking, improved transparency and matching, and the introduction of a mentoring certification with three structured waves per year.

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 2023/24 we completed performance evaluations for 91.2% of the more than 17,500 eligible employees from 63 countries. Of those involved in performance evaluation, 73% were Employees, 19% Middle Managers, and 8% Senior Managers and above; while 42% were women and 58% were men.

FOCUS ON: PEOPLE DEVELOPMENT FRAMEWORK



With the aim of the development of our people within the organisation, we launched the People Development Framework. Through this process our intention is to identify, assess, and develop our people across the organisation, aligning our people's aspirations and capabilities with our business goals and strategy.

The People Development Framework offers a twofold and holistic approach, taking into account the Company Perspective and the People Perspective.

Under the Company Perspective, we continue to guarantee consistent and solid succession planning for the key positions and with the People Perspective, we focus on developing people at different career stages who have the potential to become Ferrero leaders.

To effectively implement our People Development Framework, we have established the People Development Boards. These boards are dedicated to investing quality time in discussing individual talents within and across functions. We also focus on identifying successors for critical and key positions.

These regular discussions during the People Development Boards are designed to ensure alignment with a consistent and comprehensive approach to talent growth and career development, where the potential and aspirations of our people are regularly evaluated and supported.

Our approach ensures a solid succession planning process, leveraging competencies, contributions, and commitment at different career stages. Each Line Manager is responsible for guiding and supporting people development, ensuring that development actions are integrated into individual development plans. This holistic approach aligns our people's aspirations and capabilities with our business goals and strategy, fostering a culture of continuous growth and leadership development.

We have successfully conducted more than 300 of these sessions at regional/functional and Group function/area levels, with more than 1,500 Line Managers.

Our commitment to the People Development Framework is a compass for our people-focused programmes outlined in this chapter.

300
People Development Boards sessions

1,500
Line Managers involved

Engaging and developing our people continued

FERRERO UNIVERSITY

To foster employee development, 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 content options offered by level and learning type.

FERRERO UNIVERSITY
learning for tomorrow

FOCUS ON: SUSTAINABILITY AT A GLANCE

In January 2024, we proudly launched the "Sustainability at a Glance" Learning Journey. This self-directed course was meticulously developed to foster a "continuous learning mindset" among the Line Managers within Ferrero. It stands as a cornerstone initiative of the Line Managers Excellence Programme, with a specific focus on Sustainability.

The primary objective of this course was to increase awareness among Line Managers about the crucial topics of Sustainability and their profound impact on both businesses and communities.

The response to the course has been overwhelmingly positive. It marks a significant step towards embedding a culture of sustainability within Ferrero.

4,204
Line Managers completed the e-learning

92.3%
attendance rate

Engaging our people

YOU SURVEY

Following the last all-employee survey in 2022, we finalised the action planning based on the results, implementing a range of initiatives designed to improve the experience of our employees working at Ferrero. In the year 2023/24, we initiated a process to review employee measurement strategy, to introduce new ways to gather insights across the employee lifecycle, in a more flexible way. The new measurement approach will start to be rolled out in 2024/25 and demonstrates our commitment to continually listen to the views of our employees and respond to them.

DIGITAL WORKPLACE

Through our internal digital platform, Forward, we continue to encourage open and consistent communication, where Company news, tools and publications are available for everyone to access on any device, anytime, anywhere.

Building an inclusive culture

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

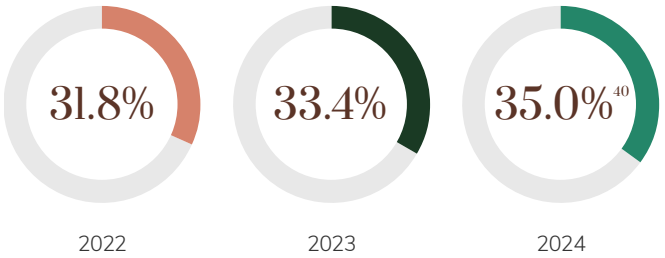
Our Diversity, Equity & Inclusion (DEI) agenda focuses on five dimensions that support our global strategy: gender, nationalities, generations, working culture, and people with disabilities. For each dimension, we have set an overarching goal for 2030, and metrics to allow us to track our progress.

Gender

INCREASE REPRESENTATION OF WOMEN IN DECISION-MAKING ROLES

We continue to move towards better gender balance in managerial positions in our different geographies and departments. In addition to looking at representation, we also check each stage of the employee lifecycle for potential bias or barriers to gender equity. In 2023/24, 48.7% of external hires to Line Manager positions were women. The launch of the People Development Framework has created further opportunities to review and discuss development opportunities with an inclusive approach. In 2024, we observed no significant difference in the distribution of performance evaluations according to gender and women were promoted to leadership positions in line with their representation in the talent pool.

WOMEN IN DECISION-MAKING ROLES



40 Data as of August 2024, excludes suspended employees.

CASE STUDY

The LEAD Network

In December 2023, Ferrero Group initiated a new DEI partnership with the LEAD Network. The LEAD Network's mission of attracting, retaining and advancing all women in the retail and consumer goods industry aligns closely with our goal of increasing the representation of women in decision-making roles. In this first year of partnership, we have participated in LEAD Network's education programmes, the CEO and CIO Roundtables and the annual conference. Over 100 employees have registered on the platform.

LEAD Network

FOCUS ON: GLOBAL PARENTAL POLICY

Ferrero published its Global Parental Policy in January 2022. It offers paid leave and other benefits to new parents and caregivers, regardless of gender. The policy includes guidelines on supporting nursing mothers, ensuring that all nursing employees have the right to either daily breaks or a reduction of working hours to breastfeed and/or express milk for their child. It also commits to a secure, private and relaxing nursing room in all workplaces with more than 50 female employees where there is no other legal provision already in place. We are proud of the safe and comfortable spaces created for our nursing colleagues and this additional means of support as they return to the workplace.

Building an inclusive culture continued

FOCUS ON: INCLUSION & RESPECT COURSE

Following the delivery of the Inclusion & Respect course to over 1,300 colleagues in the Luxembourg headquarters in 2022, the global roll-out began in 2023. Inclusion & Respect is a full-day classroom learning programme that has been designed and delivered especially for Ferrero in partnership with A&O Shearman. The course contents give participants an opportunity to deepen their understanding of Ferrero's approach to DEI, the key concepts relating to an inclusive workspace including bias, power and also the legal concepts of harassment and discrimination. There is time dedicated to reiterating the reporting mechanisms and protections in place in order to ensure a safe, inclusive and respectful working environment for all. The material and concepts are brought to life by scenarios crafted specifically to the Ferrero working environment which allow colleagues to explore the topics and find solutions with a concrete approach. The global roll-out included the adaptation of all legal content to the specificities of local jurisdictions and in some cases a refinement of the scenarios according to the working environment. From September 2023 to August 2024, a further 7,600 employees were trained in over 50 countries by a pool of 200 internal Ferrero tutors and support from A&O Shearman consultants and lawyers.

"As a member of a minority group and a seasoned people manager, I have always prided myself in being sensitive to difference and realising the power it can bring to organisational/team performance and collaboration. Inclusion & Respect was the most captivating learning experience I've ever had, because its well-crafted design and roll-out allowed me to pinpoint my own biases, and gave me concrete actions to overcome them. The programme was a game changer for me in my role as a leader at Ferrero."

– Course Participant

Nationalities

MAKE LEADERSHIP IN THE HEADQUARTERS REPRESENTATIVE OF OUR GLOBAL PRESENCE

Ferrero is proud to count 149 nationalities among its global workforce, with 61 nationalities represented in the Luxembourg Headquarters.

Globally, we continue to partner with Country Navigator in order to go beyond national identities and explore cultural intelligence in its broadest sense. The Country Navigator online platform has been used by 1,800 colleagues over the past year to understand cultural differences and collaborate better.

Building an inclusive culture continued

Generations

INCREASE LEVELS OF INCLUSION FOR DIFFERENT GENERATIONS AT FERRERO

We have four generations of employees working side by side. In 2023/24, we observed an important shift in our managerial population where millennials are now the most represented, holding 47.3% of Line Manager positions.

7.5% Baby boomers

14.5% Gen Z

32.9% Gen X

45.1% Millennials

Working culture

EMBRACE DIFFERENT WORKPLACE CULTURES AND RETAIN DIVERSE TALENTS

We are also proud of the increasing number of allyship groups, also known as employee resource groups, that are being created in some of our regional offices in order to further engage diverse groups of employees around a common affinity. The groups aim to foster mutual understanding and an inclusive environment.

In North America, we have launched six allyship groups in the past two years: Women+, Latino+, Black, Asian & Pacific Islander, Pride and Abilities with over 500 volunteer members across all groups.

Persons with disabilities

REMOVE BARRIERS TO CREATING A DISABILITY-INCLUSIVE ENVIRONMENT

In October 2024, we reached a milestone in our disability inclusion strategy with the publication of the Workplace Adjustments Policy that applies to all employees who are directly employed by an entity of the Ferrero Group. The policy defines a set of principles and global guidelines for all employees in need of workplace adjustments and sets out responsibilities for HR teams, Line Managers and other key functions. Building on any local requirements, the policy focuses on removing barriers through the provision of reasonable workplace adjustments to employees with disabilities, long-term health conditions or neurodivergence.

FOCUS ON: ENGAGING OUR COLLEAGUES ON DEI

Engaging our colleagues in our work on DEI is key to our progress. Throughout the year, we have committed to highlight four key internationally recognised dates to raise awareness and educate each other. In 2023/24, we celebrated:

- International Day for Persons with Disabilities
- International Women's Day
- World Day for Cultural Diversity for Dialogue and Development
- Pride Month

Each date represents an opportunity to share Ferrero's commitments and actions as well as educational resources on the topics. Locally, employees are frequently invited to attend in-person or online workshops or panel discussions to explore the topics further.

Each country also determines key dates and festivities to complete the Group calendar and provide opportunities for education and celebration according to local expectations and priorities.

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.

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, based on the four pillars of the SMETA 6.1 methodology. We are continuing to extend 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. We are covering all the factories with this enhanced programme because our goal remains to completely roll out this ethical-audit programme by 2025, and to continuously evaluate and improve the assessment process.

Inspections carried out confirm that our factories are aligned with the essential spirit and principles of our Code of Conduct and that no "non-compliance" issues have occurred regarding human rights and other fundamental contents of our Code. In addition, forced labour is never permitted in any circumstances or for any reason.

The activities of the European Works Council

During 2024, the European Works Council resumed its regular activity following the pandemic. Although the first institutional session held in May was still conducted virtually, the second one, dedicated to training, returned to an in-person format in Munich. During this session, all participants had the opportunity to attend a learning session on "Digital Transformation: the impact of Artificial Intelligence and frontier technologies on business and work". Inspired by presentations from leading subject matter experts, members were able to further explore and discuss artificial intelligence, emerging technological advancements, and their impact on the industry, as well as quality and volume of work. Additionally, the Smart Factory Ferrero programme, a key initiative in our Company's end-to-end digital transformational journey, was presented. At the end of fiscal year 2023/24, the European Works Council oversaw approximately 20,000 colleagues, including employees from the commercial network and the ten plants across 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 compliance with local regulatory requirements and Ferrero Group requirements. In FY 2023/24 we conducted H&S compliance audits across 24 plants.

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 2023/24, we continued to consolidate the H&S function by appointing a new third-party H&S manager, to support all global third-party operations including manufacturing and logistics, and welcomed new H&S managers in Germany, Serbia, Türkiye, Spain, and the U.S. to support our growing local organisations.

The integration of latest acquired sites into the Ferrero network in Spain, Germany, Italy and the U.S. continued to be a strong focus in 2023/24.

In fiscal year 2023/24, the lost-day injury rate (LDIR) decreased from 4.6 accidents per million hours worked to 3.9 (-15%) compared with the previous year. The Company's total recordable injury rate (TRIR) stood at 4.5, compared to 5.9 in the previous year (-24%).

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 two new 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. We have achieved the targets established for 2023/24, with TLR reaching 1,572 against a target of 500, and CAR achieving 96.6% compared to the target of 85%.

This year we have conducted SMETA+ audits across all our plants and we engaged with an external consultancy to conduct baseline legal compliance assessments of 75% of our production facilities to understand possible environmental, energy and H&S gaps in cooperation with Ferrero's environment and energy department. Detailed action plans were developed for any gaps identified during assessments. Moreover, this year we have piloted the use of artificial intelligence to enhance safety in several operational sites.

Furthermore, we defined minimum H&S rules and personal protection equipment (PPE) requirements for all our production facilities across the world. An extensive communication campaign was undertaken, including interpretation materials and guidance booklets, providing clear explanations and examples including consequences in case of violations to ensure the rules and PPE requirements are well understood and consistently followed by our workforce in Operations.

Furthermore, in fiscal year 2023/24, we developed and released guidance on various H&S topics relevant to Ferrero, including:

- Group procedure: Asbestos Management
- Group procedure: Ergonomics in Operations
- Group procedure: Occupational Health in Operations
- Group procedure: Contractor Safety
- Machine Safety Guidelines
- H&S requirements for offices

Managing occupational health and wellbeing

We offer occupational health services as part of our wellbeing programme and comply with 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 and emotional wellbeing of our people. Our holistic wellbeing programme is based on four pillars (Health, Energy, Protection, Community) and 16 quadrants representing the framework within which Regions focus local activities. Besides having a common

CASE STUDY

Health and Safety training for Operations Managers

Interactive training is designed to communicate the strategic importance of H&S at Ferrero and enable Line Managers in Operations to influence and promote the development of a self-sustaining safety culture.

By the end of this training course, each participant will be able to:

- Clarify Line Managers' accountability for H&S.
- Know the Ferrero H&S vision, policy, key programmes, KPIs and how they can support.
- Reflect on how Line Managers' values, beliefs and behaviours can influence employee behaviours.
- Understand the difference between Risks and Hazards and its implications for effective H&S management.
- Discover how to communicate effectively about H&S and the importance of effective consequence management.

At the end of 2023/24 a total of 440 managers had already been trained. The objective is to reach the entire eligible population, a total of approximately 1,800, by the end of FY 2025/26.

Health, safety and wellbeing continued

baseline, countries are pursuing different wellbeing initiatives as per their needs and priorities. Local wellbeing focal points are appointed in each region to coordinate and manage wellbeing initiatives, which are a combination of locally defined and Group-wide initiatives.

Raising awareness is the first step towards addressing societal challenges. During 2023/24, we continued to build on previous years, increasingly consolidating our global awareness strategy as a foundation on which to build in the future. Increase in the general knowledge and a better comprehension of the topics promoted in our Wellbeing Framework can help employees become more aware of their needs, make informed choices, and understand ways of seeking professional help when needed.

Roughly every three months, Ferrero launches awareness campaigns worldwide. Each selected day aligns with the Wellbeing Framework and its pillars, and echoes typical International Awareness Days, such as the Global Day of Mental Health in October, the International Volunteering Day in December and the World Cancer Day in February. Communication material is provided with subtitles or is translated into the 12 official languages at Ferrero, with some local adaptation allowed to reflect territorial realities and context.

In addition, countries can decide to further deep dive and enrich the local experience with further actions in line with the topic addressed in the global campaigns and beyond. The campaign is promoted at Group level via the official intranet and social media, while countries reinforce messages locally through QR codes, screens, physical support (posters, roll-ups), and information sessions (meetings).

We proudly repeated the experience of organising a Wellbeing and Safety month on a global scale. The event reached all Ferrero countries and locations worldwide, combining the implementation of global events with specific local actions. All staff are invited to participate, both in factories and commercial offices, differentiating the offer according to the respective context and target population. The focus is on drawing attention to our Wellbeing Framework at Ferrero, seeking to combine information sessions and interactive experiences, from theory to practice, from instructions to games, encouraging community spirit and socialisation among associates.

In 2022, we kicked off the Workforce Nutrition project in partnership with the Global Alliance for Improved Nutrition. We are consistently rolling it out throughout the whole Group. A second wave of countries entered this project based on a self-assessment, which represents our proactive effort to collect and analyse data related to the main four areas of healthy food at work, nutrition education, health checks and breastfeeding. This evidence-based approach helps in identifying strengths to build on and challenges to learn from to refine interventions tailored to their unique cultural, economic and nutritional context.

We remain committed to promoting and enhancing our Employee Assistance Programme (EAP). It provides all Ferrero employees, and their family members worldwide access to professional and confidential counselling services and support, enabling them to address personal issues, legal and financial concerns or work-related matters. By fostering a culture of proactivity, we empower our associates to thrive both personally and professionally. The EAP plays a crucial role – among the other Company's initiatives – in creating a positive workplace culture where people feel valued and supported.

CASE STUDY

Kinder Joy of moving Global Step Challenge

During this year's Wellbeing & Safety Month, Ferrero launched the Global Kinder Joy of moving Step Challenge, a virtual event open to all employees worldwide, including plant workers and sales teams. The challenge encouraged physical activity by tracking the total number of steps taken globally by participants through walking or running.

Ferrero invited employees to embark on this journey together, promoting both personal wellbeing and shared purpose. Step by step, participants discovered and better understood the Kinder Joy of moving project while following a virtual route across different continents and more than 30 countries where the initiative operates.

With over 4,000 participants, the challenge successfully raised awareness about the benefits of an active lifestyle. The positive feedback and enthusiasm have sparked interest in making this an ongoing experience.

OUR PARTICIPANT FEEDBACK

84%
Really liked the initiative

63%
Enjoyed being part of a global initiative

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 (UNGPs), the International Bill of Human Rights and the International Labour Organization.

We implement due diligence to identify, prevent, mitigate, address and remediate any adverse human rights risks identified across the value chain. This 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 and collaborating with business partners and relevant stakeholders such as non-profit organisations and institutions. We expect our business partners to respect human rights by taking appropriate due diligence measures.

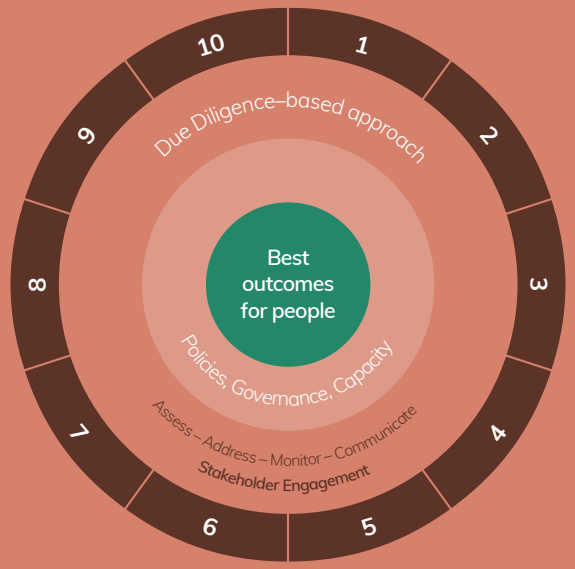
FOCUS ON: CHILD LABOUR PREVENTION AND REMEDIATION GUIDELINES

In collaboration with Save the Children and the Centre for Child Rights and Business, we have developed Guidelines on Child Labour Prevention and Remediation in cocoa in Ivory Coast and Ghana. The Guidelines build upon our Human Rights Policy Statement, Supplier Code and Cocoa Charter. Based on the UNGPs and the Children's Rights and Business Principles, they are developed to protect the best interest of children in our cocoa supply chain. The Guidelines provide practical guidance and outline our expectations, roles and responsibilities for our supply chain partners to combat child labour in a holistic way in the following areas:

- Child labour due diligence
- Awareness raising on children's rights
- Responsible recruitment
- Child protection system
- Safe workplace and living place for young workers
- Fair wages
- Responsible sourcing practices
- Solutions to tackle root causes of child labour

Since 2022, we have partnered with Save the Children to carry out a pilot project to support suppliers and cooperatives in implementing the Guidelines, including trainings and developing action plans. In the coming year, we aim to conclude the lessons learnt form the pilot to inform the next steps.

FOCUS ON: OUR HUMAN RIGHTS APPROACH



01 Child protection and no child labour
02 Forced labour
03 Fair wages
04 Working hours
05 Diversity and inclusion, no discrimination or harassment
06 Freedom of association and collective bargaining
07 Health and safety
08 Privacy
09 Environmental related human rights issues
10 Rights relating to consumer health and responsible marketing

Human rights continued

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 First Human Rights Report) and analyse our existing approach to inform improvements.

Joined Shift's Business Learning Program
We participated in Shift's Business Learning Program to exchange human rights best practices and challenges with other participating companies, to gain insights into continuously improving our approach.

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.

2021

Became a member of the Consumer Goods Forum (CGF) 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.

2022

Published our first Human Rights Report
Our Human Rights Report describes in detail 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 for Child Rights and Business, we developed and tested a set of guidelines and recommendations for cocoa supply chain partners in Ivory Coast and Ghana, and began piloting it in Ivory Coast to implement our commitments in addressing child labour.

Launched our Sustainability Learning module for Line Managers
A Sustainability Learning module including basic concepts of business and human rights is made mandatory for Line Managers and available for all employees.

2024

Developed and piloted our Human Rights Action Planning Toolkits
In collaboration with Shift, we developed and piloted an internal human rights action planning toolkit to build human rights capability and support business functions implementing activities to address relevant human rights issues.

Ferrero was recognised as a leader in the Global Child Forum's latest benchmark report, The State of Children's Rights and Business 2024.

Human rights continued

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 through tailored advisory support and engagement in its Business Learning Program.

We continue to deepen local strategic partnerships on specific commodity and country challenges.

❏ Human Rights Progress Report
Scan or read more about it by clicking here

FOCUS ON: FORCED LABOUR PREVENTION POLICY

We are committed to respecting human rights in our operations, including opposing all forms of forced labour in our value chain. Our Forced Labour Prevention Policy, launched in October 2023, is now in place at all Ferrero locations. The policy builds upon the commitments and guiding principles set out by both our Code of Ethics and Human Rights Policy Statement. It sets a common Group approach and minimum guidelines to address forced labour risks in our operations and provides guidelines of the following areas:

- General compliance on forced labour prevention
- Freedom of employment
- Bonded labour
- Awareness raising and trainings
- Risk assessment, ongoing monitoring and remediation approach

The scope of the Policy is applicable to all employees, providing guidelines on how we recruit and manage forced labour risks with third-party contractors, service providers and labour agencies working at our locations.

FOCUS ON: FERRERO RECOGNITION AS A LEADER

The Global Child Forum Child's Rights Benchmark is one of the largest benchmarks for companies' incorporation of children's rights, assessing companies' impact on children, based on the Children's Rights and Business Principles. It is done by the Global Child Forum, a Swedish based non-profit foundation, together with the Boston Consulting Group. The benchmark assesses companies' performance across four impact areas annually:

1. Governance & Collaboration
2. Workplace
3. Marketplace
4. Community & Environment

Under each area, it reviews company policies, practices, and reporting efforts, based on publicly available information. Each company is scored from 1-10 and classified to the levels of beginner, improver, achiever, or leader.

See Ferrero's complete Scorecard here.

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.

Our Anganwadi project now has 400 children participating in the programme. In 2024, we fitted solar panels at all the Anganwadis to make them self-sustainable in operations.

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 a global social responsibility initiative aimed at inspiring children to embrace movement as a natural and joyful part of their lives. Founded on the belief that a positive attitude towards movement will help today's children become better adults in the future, the programme encourages children's natural tendency to be active and to play.

Since its launch in 2005, the initiative has reached more than 63 million children worldwide, engaging over 3.7 million just last year, in 35 countries. With an annual investment exceeding 13 million euros, the project also included activities this year in Indonesia, Switzerland, and Greece. Kinder Joy of moving is committed to supporting meaningful activities that encourage children to stay active at home, in schools, and during their free time.

All Kinder Joy of moving initiatives are inspired by an educational method developed through years of research. The approach is specifically designed for children, is made accessible to families and educators, and aims to nurture not only motor skills but also to develop emotional and social growth. Through play and movement, Joy of moving fosters the development of fundamental skills, helping children grow up active, grow up happy.

The Joy of moving methodology has quickly achieved international recognition, and dissemination has expanded globally through partnerships with local institutions and the subsequent implementation of school-based programmes in Australia, Brazil, Colombia, Ecuador, India, Italy, Mexico, Romania and the UK, with Uruguay joining the initiative from next year.

Furthermore, multiple private partnerships are built around the Joy of moving methodology, including the collaboration with Costa Cruises aiming at integrating games and activities available to children and families aboard the ship and the partnership with the Municipality of Vicolungo and Neinver, a prominent European outlet sector company, in support of the Kinder Joy of moving park – an innovative play area designed to inspire children and families to engage in physical activity.

Another partnership with Save the Children in Canada, Italy, and the U.S. seeks to provide training and educational opportunities for the most fragile.

Kinder Joy of moving operates around the world with 131 high profile, qualified and expert partners, including institutions, ministries, universities, private companies and organisations, Olympic Committees, Sporting Federations and Associations, and the ISF (International School Sport Federation).

During the past year, the activities carried out to make a positive impact by encouraging families to embrace movement and active lifestyles, include but are not limited to:

- The Organization of American States (OAS) and Ferrero Group signed a cooperation agreement that seeks to promote sports activities through Kinder Joy of moving, in addition to helping guarantee the rights of children, adolescents and women to further gender equality in sports in the Americas.
- Organising sporting events such as the Kinder Joy of moving Tennis Trophy, a unique non-competitive tennis tournament that emphasises friendship and fair play. The trophy has now expanded to include 12 countries, with Switzerland and Greece participating for the first time.
- The "Kinder Joy of moving Experience": a new model for spreading the Kinder Joy of moving methodology and philosophy worldwide, launched in Spain and Poland. The experience takes the form of a multi-activity area occupying public squares on weekends, organised in collaboration with local authorities, sports and leisure departments, and provincial education departments.

FOCUS ON: ENGAGEMENT

Joy of moving in Applaydu

The integration of the games inspired by Joy of moving methodology within Applaydu APP represents a successful implementation, as shown by the results of the pilot project with more than 200,000 children and families moving joyfully in six months and more than 250,000 minutes spent physically active.

The games are developed thanks to the support of MoveAhead and inspired by the Joy of moving scientific method. They are all based on advanced body tracking technology, and they aim to bring physical activity into children's digital lives, offering a joyful and engaging digital gaming experience.

The "phygital" games innovation pipeline has many further developments coming in the near future.

Raising awareness among families

The commitment to supporting families in their daily lives continues with tips, information, and ideas for play and movement shared across social media channels, reaching millions of users who benefit from these resources.

Our priorities going forward

Our engagement approach

A new edition of our engagement survey will be held during February and March 2025 and we will work on an action plan based on the results. The YOU Survey 2025 will mark a new cycle of global feedback collection with a change in the approach and the used supporting tool.

We have been working to introduce new ways to gather insights across the employee lifecycle, in a more flexible way, and we will continue to improve our approach to have a better reading of the employees' insights.

Our engagement approach will confirm our commitment to improving the wellbeing and safety of our personnel. In line with our dedication to evidence-based improvements, we are proud to announce a new wave of countries participating in the Workforce Nutrition Project. This initiative aims to analyse the current situation to understand which concrete, data-driven improvements can be made. In addition, we will continue to prioritise the Wellbeing and Safety Month across all locations. This event will be complemented by the second edition of the Global Step Challenge, "Every Little Step Counts, which coincides with the celebration of 20 years of Kinder Joy of moving.

Our awareness strategy will also remain a key priority. We are dedicated to increasing local engagement and ensuring that our staff understand the core pillars of DEI and wellbeing. This will empower them to mare informed lifestyle choices, fostering a more inclusive, healthier and more conscious workforce.

Together, these initiatives reflect our ongoing commitment to creating a supportive and thriving work environment for all.

Human rights

We will review and update our human rights-related policies, including concluding the learnings from the pilot implementation of the Child Labour Prevention and Remediation Guidelines in Cocoa with Save the Children; as well as taking steps to evaluate and 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 collecting insights from pilot programs that test practical action planning toolkits, which help business functions address human rights impacts identified in our current human rights assessment.

We continually monitor legislative requirements and act to address our salient human rights issues, with focuses on fair income and wages, and environmental-related human rights impacts, including addressing just transition and integrating community perspective in our climate activities in own operations. 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-the-ground human rights efforts.

For more detailed insights into our human rights commitments and progress, please refer to our second human rights progress report.

Reporting summary

About this report

Scope of reporting

This Sustainability Report describes our approach to and performance on Ferrero's most material sustainability issues, which were identified through our latest double materiality assessment published in May 2024 (see the Double Materiality Assessment 2023).

The report covers the financial year 2023/24, from 1st September 2023 to 31st August 2024 unless otherwise mentioned.

The Report covers Ferrero International S.A. and its subsidiaries (the "Ferrero Group" or the "Group"), representing 97 consolidated companies. The parent company is based in Luxembourg. This Sustainability Report covers 27 production plants out of a total of 37 plants (see the full list on page 5), unless otherwise stated. More information is provided under the methodology of each pillar.

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 to 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.

The scope of financial data included in the report corresponds with Ferrero International's consolidated financial statements.

This report was published on 23 July 2025.

LIST OF PRODUCTION PLANTS FOR FY 2023/24

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
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
2013	18.	**Mexico**	S. José Iturbide
2013	19.	**Türkiye**	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: The production plants in scope for FY 2023/24, unless otherwise stated in the report, exclude Alzira and Castel d'Ario (ICFC), Halstead (Eat Natural), Le Mars North, Le Mars South, Henderson and Dunkirk (Wells), Caivano (Fresystem), Faulbach and Vladimir.

Reporting standards and navigating the report

The Sustainability Report of the Group has been prepared in reference to the Global Reporting Initiative standards (GRI) Sustainability Reporting Guidelines 2021. Corresponding contents are indicated in the GRI Content Index. The content index contains the relevant page references to aid navigation through the report. In addition, qualitative information and key performance indicators (KPIs) are marked with the corresponding GRI references.

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 previous sustainability reports are available on the Ferrero website, in the section dedicated to sustainability reporting (see here).

The data reported

Data collection is performed monthly and/or annually, depending on the reported KPI.

Where applicable, estimates are used and further details on the related methods and assumptions are disclosed in the respective section of the methodological note.

Data collection and reporting are subject to internal controls, which include clearly defined roles and responsibilities, validation checks at multiple stages, audit trails and periodic ad-hoc reviews to ensure compliance with internal standards and external reporting requirements. This framework helps maintain transparency, consistency and accountability across sustainability metrics.

Changes in calculation methodologies of previously published figures are restated and disclosed for comparison, and are clearly indicated when applicable.

Performance data is included throughout the report, as well as in the KPIs Summary Table (see page 99).

About this report continued

Independent limited assurance

Ferrero engaged a single third-party provider, PricewaterhouseCoopers, Société coopérative (PwC), to provide independent limited assurance on selected information disclosed in the Sustainability Report 2024, in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information" (ISAE 3000). The scope includes selected KPIs in respect of the environment (related to water withdrawal, wastewater, energy consumption and GHG emissions), packaging and sustainable sourcing of cocoa and palm oil. The respective KPIs in scope of limited assurance are marked with "(A)" in the Ferrero's key performance indicators table on page 99. The assurance letter is available on page 122.

Methodological note

PROTECTING THE ENVIRONMENT

Scope

A set of environmental data included under Pillar I covers the data collected from 27 production plants and warehousing facilities directly managed by the Group, with the following exceptions, which are also mentioned in the KPI footnote, as applicable:

- For water withdrawal and wastewater KPIs, the plants located in North Canton and Chicago are not included due to data unavailability.
- For waste KPIs the following plants are excluded: North Canton, Chicago, Louisville, Florence and Augusta.
- Data also includes warehouses directly managed by the Group, except where clearly indicated.

Data collection

Information from plants is collected and consolidated via internal sustainability reporting platforms. These systems ensure that data is gathered in a timely, accurate, and reliable manner, enabling consistent annual progress monitoring and reporting.

For additional information on standards and methodologies used for the KPI calculation, please refer to the Standards and Methodologies section.

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.

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.

Accounting for GHG emissions is performed using an operational control approach.

Emission and conversion factors

The emission factors applied for the calculation of Scope 1, 2 and 3 emissions remain unchanged from fiscal year 2017/18 to ensure consistency and comparability with the same SBTi baseline year, with the exception of Scope 3 Category 1 for packaging materials used in operational plants, for which the emission factors were last updated in fiscal year 2019/20, and Scope 3 Category 7 for which the emission factors were last updated in fiscal year 2014/15.

For Scope 1, the emission factors used are from ecoinvent 3.4 database and EPA Centre for Corporate Climate Leadership – GHG Emissions Factors Hub (March 2018).

For Scope 2, the emission factors used for the assessment of location-based and market-based emission factors come from the ecoinvent 3.6 database.

For Scope 3, the sources for emission factors are mainly commercial databases (i.e. ecoinvent 3.1, International Energy Agency) as well as some specific datasets developed internally.

Emissions from cooling gases have been calculated using the IPCC Fifth Assessment Report, 2014 (AR5) emission factors, 100-year horizon.

Calculation details

Energy

Energy consumption measures the total energy consumed within the Group's operations (plants and warehouses), including both direct and indirect energy sources, and includes renewables and non-renewables. Energy sold externally is deducted from energy consumption. The main categories of energy are classified as electricity, fuels, and steam and hot water.

Renewable energy consumption measures the ratio between the total energy consumption from renewable sources (e.g. certified green electricity, biomass, biogas) and the total energy consumption from renewable and non-renewable sources.

Purchased electric energy certified renewable measures the ratio between the total consumption of electricity backed by renewable energy certificates and the total electricity purchased from the external grid.

Energy intensity ratio is calculated by dividing total energy consumption by the total weight of finished goods produced by own plants (in tons).

Total fuel consumption represents the sum of all types of fuel consumed during the reporting period, both from renewables and non-renewables.

Total electricity consumption (electricity sold excluded) represents the sum of electricity consumption from renewables and from non-renewables; in both categories the respective quantity of electricity produced by the Group and sold externally is deducted.

Steam or hot water consumption (sold streams excluded) represents the difference between the total consumption of steam or hot water purchased from third parties and total steam or hot water sold to external parties.

About this report continued

GHG emissions

Scope 1: represents emissions from sources owned or controlled by Ferrero Group and includes mostly fossil fuels (e.g. natural gas, diesel oil, gasoline, methane, and LPG) that are used during the reporting period, as well as emissions related to refrigerant gases leakages. The fuels used for traction (diesel oil and gasoline) are excluded from Scope 1 emissions inventory, as their impact is considered not significant and therefore not relevant for reporting purposes. Reported Scope 1 emissions include only non-biogenic sources. Emissions related to warehouses are estimated based on 2017/18 measurements, adjusted for production changes in the current reporting period. Reported Scope 1 represents gross value, and it does not include any emissions removals (i.e. from hazelnut plantation).

Scope 2: represents emissions from the generation of electricity, steam, heating, or cooling acquired and consumed by Ferrero Group during the reporting period. Emissions related to warehouses are estimated based on 2017/18 measurements, adjusted by the production evolution for the current reporting period.

Scope 3: represents indirect emissions that result from Ferrero Group's activities but come from sources it does not own or control, occurring throughout the upstream and downstream value chain. Scope 3 emissions are categorised into 15 distinct categories, as detailed below. Scope 3 categories 10 Processing of Sold Products, 11 Use of Sold Products, 13 Downstream Leased Assets, 14 Franchises and 15 Investments are not included in the calculation of total Scope 3.

- *Category 1 – Purchased Goods and Services* – represents emissions from the production and delivery of raw materials, ingredients, and packaging materials that are consumed in the reporting period by the Group. Emissions related to warehouses (i.e. packaging and water consumed by the warehouses) are estimated based on 2017/18 measurements, adjusted by the production evolution. Emissions related to auxiliary products are estimated based on 2022/23 measurements, adjusted by the production evolution for the current reporting period.
- *Category 2 – Capital Goods* – represents emissions from the manufacturing and transport of long-term assets that are purchased by the Group in the reporting period (i.e. spending based), such as machinery and production lines used in Ferrero Group's plants. Spending related to barer plants (i.e. hazelnut plantation) and intangible assets are not included.
- *Category 3 – Fuel- and Energy-Related Activities not included in Scope 1 or Scope 2* – represents emissions from the production, and distribution of fuels and electricity consumed by Ferrero Group. Emissions related to the production and distribution of fuels and electricity consumed by warehouses are estimated using 2017/18 measurements, adjusted by the production evolution for the current reporting period.
- *Category 4 – Upstream Transportation and Distribution* – represents emissions from third-party logistics providers transporting raw materials and semi-finished goods to Ferrero Group sites. Emissions related to outbound transportation (road, rail, sea and air) are estimated using 2017/18 measurements, adjusted by the production evolution for the current reporting period.
- *Category 5 – Waste Generated in Operations* – represents emissions from the treatment and disposal of waste generated at Ferrero Group's production and office sites, managed by external providers. Emissions related to warehouse waste are estimated using 2017/18 measurements, adjusted by the production evolution for the current reporting period.
- *Category 6 – Business Travel* – represents emissions from employee travel for business purposes using air, rail, or road transport not owned by Ferrero Group. Emissions are estimated based on 2018/19 measurements, adjusted taking into consideration the business travel budget for the current reporting period.
- *Category 7 – Employee Commuting* – represents emissions from daily travel of Ferrero Group employees between their homes and workplaces. Emissions are estimated based on 2014/15 measurements, adjusted for number of employees in the current reporting period. The calculation also incorporates an assumption that white collar employees work remotely approximately 20% of their time.
- *Category 8 – Upstream Leased Assets* – represents emissions from the operation of assets leased by the Group (e.g., warehouses), not already included in Scope 1 or Scope 2. Emissions related to leased warehouses are estimated based on 2018/19 measurements, adjusted by the production evolution for the current reporting period. Similarly, emissions related to leased cars are estimated based on 2016/17 measurements, which were performed on data collected internally from all 30 countries where leased cars are used, adjusted by the number of employees for the current reporting period.
- *Category 9 – Downstream Transportation and Distribution* – represents emissions from third-party logistics providers distributing the Group's finished products to retailers and customers. Emissions are estimated using 2017/18 measurements, adjusted by the production evolution for the current reporting period. The estimation also includes an assumption that consumers travel an average distance of 50 kilometres to access Ferrero Group products at retail locations.
- *Category 12 – End-of-Life Treatment of Sold Products* – represents emissions associated with the disposal and treatment of product packaging after being purchased by consumers. Emissions are calculated based on quantity of packaging materials used during the reporting period. For each type of waste and region (EU or non-EU), the Group estimates the percentage of waste directed to incineration, incineration with recovery, landfill and recycling, based on publicly available data (e.g. Eurostat, OECD, etc.).

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.

In line with the Group's internal accounting approach, a portion of upstream transportation emissions associated with raw materials and packaging is reallocated from Scope 3 Category 1 ("Purchased Goods and Services") to Scope 3 Category 4 ("Upstream Transportation and Distribution").

Specifically, 17% of palm oil emissions, 10% of other raw material emissions, and 4% of total packaging emissions are reclassified from Category 1 to Category 4 to reflect upstream transport.

About this report continued

Water withdrawal and wastewater

Water withdrawal is defined as any kind of water pumped out of natural bodies (such as rivers, channels, and underground sources), which is used in the production process or as raw material, regardless of whether it is returned to the environment or not, and with a concentration of Total Dissolved Solids ≤ 1,000 mg/l or >1,000 mg/l. Rainwater is not collected, and therefore it is not included in the reported information.

Water withdrawal from water main (from the grid), from well and from river is measured through direct meter index readings at the beginning and end of the reporting period or through estimations or invoices.

Water withdrawal from other sources represents water drawn into the Group's boundaries from other sources (e.g. truck tankers).

Water withdrawal ratio is calculated by dividing total water withdrawal by the total weight of finished goods produced by own plants (in tons).

Wastewater represents water that is discharged after being used in industrial processes, with a concentration of Total Dissolved Solids ≤ 1,000 mg/l or >1,000 mg/l, measured through direct meter index readings at the beginning and end of the reporting period or through estimations or invoices, and it is categorised by its discharge destination:

- Sewage wastewater refers to water (treated on-site or without treatment) discharged into third-party or municipal treatment systems.
- Surface wastewater refers to water (treated on-site or without treatment) discharged into surface bodies (e.g. rivers or lakes).
- Ground or underground wastewater refers to water (treated on-site or without treatment) discharged into soil.

For warehouses, water withdrawal and wastewater volumes are estimated by extrapolating the previous year's reported m³ values based on the current year's finished goods output from own production plants.

Waste

To reflect the changes in GRI, waste sent to incineration with energy recovery is classified in the disposed waste category, whereas it was previously classified as recovered waste. Due to the change in methodology, the percentage of recovered waste appears to decrease.

Packaging

The following packaging KPIs are calculated based on the quantity of packaging materials consumed in own production plants during the reporting period.

- *Packaging designed to be recyclable* measures the share of packaging materials that are designed to be recyclable, based on design specifications and compatibility with existing recycling infrastructure and following the relevant design guidelines (e.g.: Golden Design Rules, RecyClass, APR, EPBP, CEFLEX, 4evergreen). The Designed for Recyclability Index is assigned to each packaging category depending on its specific design and material composition, and it can be either fully recyclable or non-recyclable.
- *Recyclable, reusable or compostable packaging* measures the share of packaging materials that are recyclable, reusable or compostable in practice and at scale (i.e. practical recyclability), following the definition of the Ellen MacArthur Foundation. According to this definition, packaging is considered recyclable in practice and at scale if it is recyclable in multiple regions, where collection, sorting, and recycling systems are operational and proven. A reusability, recyclability or compostability index is assigned to each packaging category depending on its specific design and material composition, and it can be either fully reusable/recyclable/compostable or non-reusable/recyclable/compostable.
- *Recycled content in plastic packaging* measures the share of post-consumer recycled plastic used in Ferrero Group's plastic packaging portfolio. The recycled content in plastic packaging is collected directly from packaging suppliers and considers both the volume of resins coming from mechanical recycling and the volume of resins coming from chemical recycling.
- *Renewable materials in packaging* measures the share of packaging materials derived from renewable sources, such as paper, cardboard, or bio-based plastics. The renewable content percentage is collected directly from packaging material composition through bill of materials.

SOURCING INGREDIENTS SUSTAINABLY

Scope

Ferrero ensures comprehensive oversight of its entire supplier portfolio (over 20,000 suppliers) through a rigorous due diligence process and audits. Additionally, the Group adopts a more detailed and focused approach to monitor most relevant high-risk commodities (including their derivatives). These key commodities include cocoa, palm oil, hazelnuts, eggs, sugar, coffee, and dairy.

The KPIs for traceability and certifications related to cocoa and palm oil follow the scope of reporting defined on page 87, with the addition of ICFC and Eat Natural.

Reporting period for the palm oil KPIs covers the period between July 2023 to June 2024. See page 93 for more information on the definition.

Data collection

Starting with reporting period 2023/24 we have updated the definition of the KPI Traceability to plantations (TTP) for palm oil, in order to align with EU Deforestation Regulation (EUDR) requirements. Under this stricter definition of traceability, areas of 4 hectares or larger are considered TTP only if a polygon map is available. GPS points are accepted only for plots smaller than 4 hectares.

For KPIs related to traceability and certification of palm oil and cocoa, the calculation includes purchased and delivered quantities at Group level, retrieved from ERP software and yearly purchased volumes traced on Sourcemap.

For certification KPIs the Group reviews supplier specific certifications from renowned certifiers, for example Rainforest Alliance or other independently managed standards.

We leverage advanced technologies, and we are partnering with two providers in order to further enhance our traceability indicators: Sourcemap and Starling. Their capabilities, combined with the rigorous data collection of our suppliers of plantation geolocations, enable us to achieve a high degree of accuracy in mapping and monitoring our cocoa, palm oil, and coffee supply chains, placing the Group in a comfortable position with regard to the EUDR regulation.

About this report continued

We use Sourcemap for traceability of cocoa, hazelnut, dairy and coffee. We use Starling for satellite monitoring of palm oil. These two tools are used by the Group for no-deforestation and no-conversion monitoring for cocoa and palm oil.

Standards and methodologies
The traceability KPIs related to palm oil, cocoa and hazelnuts are calculated based on a six-level traceability approach (traceability via satellite monitoring, traceability to the farm polygon maps, to farm GPS coordinates, to the farmer, to the farmer group and to the origin country), described on page 43.

For hazelnut traceability, we apply Stock Amnesty Turkish law that facilitates fiscal regime and offers a possibility to not record receipts for low-income professionals.

Our traceability efforts are supported by the collaboration with Ferrero's partners, including Earthworm Foundation.

Cocoa
The KPI *Cocoa sourced through independently managed certification schemes and standards* is defined as the percentage of cocoa and cocoa derivatives purchased through independently managed certifications schemes and standards – such as Rainforest Alliance, Cocoa Horizons, Fairtrade among others – out of total amount (i.e. certified and non-certified) of cocoa and cocoa derivatives purchased in the reporting period.

The KPI *Cocoa traceability to the Farmer group* (or Cooperative) is defined as the percentage of cocoa and cocoa derivatives that are purchased in the reporting period and that are traceable to farmers' organisation that managed the sale of the ingredient, out of total cocoa and cocoa derivatives purchased in the reporting period.

Cocoa volumes are traceable to the Farmer Group/Cooperative if all the following conditions are met:

- Every farmer or non-farmer supplier declared by downstream supplier is located in the same country of origin (from where the cocoa volumes are acquired).
- For Dedicated Farmer Group,[41] Farmer Group ID is listed in the Farmer Profile template[42] of the T1 supplier and linked to the volumes.
- For Non-Dedicated Farmer Group, suppliers can confirm that they have sourced the volumes from their network of farmer groups.

Ferrero purchases different types of cocoa (beans and chocolate) from different suppliers. The KPI definition above, along with the conditions to be met, applies to all purchase combinations.

The KPI *Cocoa traceability to farm-gate level if minimum GPS waypoint available* is defined as the percentage of cocoa and cocoa derivatives purchased in the reporting period that are traceable to the farms that produced the ingredient and are localised with at least one GPS point, out of total cocoa and cocoa derivatives purchased in the reporting period.

Cocoa volumes are traceable to the Farm Plot GPS Coordinates if all the following conditions are met:

- Every farmer and/or non-farmer supplier declared by downstream supplier is located in the same country of origin (from where the cocoa volumes are acquired).
- For Dedicated Farmer Group, Farmer Group ID and Farmer ID are listed in the farmer profile template of the Tier-1 (T1) supplier and linked to the volumes; and in the Cocoa Plot template,[43] the Farmer Group ID, the Farmer ID, the Plot ID and the GPS points are listed.
- For Non-Dedicated Farmer Group, suppliers can confirm that they have sourced the volumes from their network of farmer groups, and they also have visibility of the farmers that are members of the farmer group and the farms from which cocoa has been sourced and for which GPS coordinates have been recorded.
- The GPS coordinates declared are different than 0.
- Starting from crop 2023/24 an additional check has been added: the verification that GPS coordinates are located in the same country of origin (from where the cocoa volumes are acquired).
- One of the following scenarios is applicable:
  - Scenario 1: at least for one plot there are GPS points. The Farmer ID has at least one farm plot with valid GPS points.
  - Scenario 2: for all plots there are GPS points. The Farmer ID has all farm plots with valid GPS points.

Ferrero purchases different types of cocoa (beans and chocolate) from different suppliers. The KPI definition above, along with the conditions to be met, applies to all purchase combinations.

The KPI *Cocoa traceable to farm gate if minimum requirement polygon-mapped* is defined as the percentage of cocoa and cocoa derivatives purchased in the reporting period that are traceable to the farms that produced the ingredient and that are localised via a polygon map (i.e. maps with GPS points representing the shape of the farm plot), out of total cocoa and cocoa derivatives purchased in the reporting period.

Cocoa volumes are traceable to the Farm Plot Polygon Maps if all the following conditions are met:

- Every farmer and/or non-farmer supplier declared by downstream supplier is located in the same country of origin (from where the cocoa volumes are acquired).
- For Dedicated Farmer Group, in the polygon database, all the required attributes are included and match with the Farmer Group ID, Farmer ID and Plot ID included in the Farmer profile template and Cocoa Plot template.
- For Non-Dedicated Farmer Group, suppliers can confirm that they have sourced the volumes from their network of farmer groups and they also have visibility of the farmers that are members of the Farmer Group and the farms from which cocoa has been sourced and for which polygon mapping has been performed.

41 Dedicated Farmer Groups are part of Ferrero cocoa supply chain through the Tier-1 suppliers with whom Ferrero aims to establish long-term relationships, and which are supported through the Ferrero Cocoa Programme. All required traceability data is collected from these Farmers Groups and reported into Sourcemap.
42 The Farmer Profile template is a template available in Sourcemap, the traceability data collection platform that Ferrero uses. This template allows suppliers to declare traceability information about farmers.
43 The Farm (Cocoa) Plot Template is a template available in Sourcemap, the traceability data collection platform that Ferrero uses. This template allows suppliers to declare traceability information about Farm Plots.

About this report continued

– One of the following scenario is applicable:

- Scenario 1: at least for one plot there is a polygon map. The Farmer ID has at least one polygon linked to the Polygon database and Farm Plot template (the Farmer ID can be found in both files).
- Scenario 2: for all plots there are polygon maps. The Farmer ID has all of its polygons linked to Polygon database and Farm Plot template (the Farmer ID can be found in both files).

Ferrero purchases different types of cocoa (beans and chocolate) from different suppliers. The KPI definition above, along with the conditions to be met, applies to all purchase combinations.

Palm oil

The KPI *RSPO*[44] *certified segregated*[45] *sustainable palm oil* represents the percentage of RSPO certified segregated sustainable palm oil purchased by Ferrero Group out of the total palm oil volume purchased in the reporting period.

The KPI *Traceability to palm oil mills* is defined as the percentage of palm oil, purchased by Ferrero Group, that is traceable to mill out of total palm oil purchased in the reporting period. palm oil volumes are considered traceable to the mill if the Mill Name, the UML ID number and Geolocation (GPS coordinates) have been identified: this information can be found in the latest available Ferrero Palm Oil Suppliers & Mills Lists.

The KPI *Traceability to plantations* is defined as the percentage of palm oil, purchased by Ferrero Group, that is traceable to plantation out of total palm oil purchased in the reporting period. Palm oil is considered traceable to plantations (i.e. traceable to the Farm Plot Polygon Maps) if all the following requirements are met:

– The name of the Farm (plantation, estate or smallholder) and Parent and Group company name of the Farm have been identified;

– Polygon map of the Farm (plantation, estate or smallholder) supplying to the mill is available.[46]

– The volume that the Farm is supplying to the mill is known (or sufficient information is available to be able to estimate this volume based on tangible figures).

The calculation of this KPI is based on Starling's satellite monitoring system that obtains up-to-date, high-resolution data that identifies potential risks of deforestation, peatland development, and other land-use changes. This tool is complemented by Non-Deforestation verification (NDV) conducted by the Earthworm Foundation as a third-party assessor.

44 Roundtable on Sustainable Palm Oil.
45 Segregated Supply Chain: RSPO Certified Sustainable Palm Oil from different certified sources that is kept separate from ordinary palm oil throughout the supply chain.
46 Areas of 4 hectares or larger are considered TTP only if a polygon map is available. GPS points are accepted only for plots smaller than 4 hectares.

Annex I: Glossary

Term	Definition
5R approach strategy (Ferrero)	Ferrero's circular economy strategy: Remove, Reduce, Recycle, Reuse, Renew.
ACT-UP! initiative	The ACT-UP! initiative in relation to the World Allergy Organization (WAO) refers to the call for a global framework to standardise the use of "may contain" (or precautionary allergen) labels on food packaging.
Agri Competence Centre	Operated by HCo, the Agri Competence Centre has been created to develop and share scientific knowledge to improve quality and productivity and enhance sustainability. The ACC's work includes helping to develop more efficient growing methods and address pest management problems, as well as to develop new sustainable hazelnut cultivars.
BIO Liquefied Natural Gas (bio-LNG)	Renewable natural gas produced from organic waste, cooled to liquid form for transportation and energy use.
Bonsucro	Global non-profit, multi-stakeholder governance group promoting sustainable sugar cane, including production, processing and trade around the world.
Cage-free eggs	Eggs from hens raised without confinement in cages, improving animal welfare.
CAOBISCO	European chocolate, biscuit, and confectionery industry association.
CDP	CDP (previously known as Carbon Disclosure Project) is a global non-profit that runs an environmental disclosure system for companies, capital markets, cities, states and regions to manage their environmental impacts. Companies complete questionnaires and are assessed on their efforts to mitigate climate change, water stewardship and forest management.
Children's Food & Beverage Advertising Initiative (CFBAI)	Created to improve the landscape of food advertising to children. Under CFBAI, participants voluntarily commit that, in advertising primarily directed to children, they will either not advertise foods or beverages to children at all or advertise only products that meet CFBAI's strict Uniform Nutrition Criteria.
Cocoa Horizons	Programme supporting sustainable cocoa farming and farmer livelihoods.
Consumer Brands Association	The Consumer Brands Association, formerly the Grocery Manufacturers Association, is a United States-wide trade association for manufacturers of consumer-packaged goods. The CBA represents companies that manufacture food, beverages, household, and personal care products.
Consumer Goods Forum Golden Design Rules	Guidelines to improve the recyclability of plastic packaging, developed by global retailers and manufacturers.
Country Navigator	Country Navigator is an online and mobile platform that prepares executives and assignees on how to work and adapt culturally in over 90 countries.
CS3D (Corporate Sustainability Due Diligence Directive)	EU directive that mandates companies to conduct due diligence to address human rights and environmental impacts within their operations and across their value chain.

Annex I: Glossary continued

Term	Definition
CSRD (Corporate Sustainability Reporting Directive)	EU directive that mandates companies to disclose information on their environmental, social, and governance (ESG) impacts and how they manage these issues.
Deforestation Risk Analysis	Assessment to identify areas or supply chains at risk of causing deforestation.
Earthworm Foundation	Non-profit organisation that works to transform value chains, ensuring that products are produced sustainably and that both people and the planet thrive. They collaborate with companies, governments, civil society organisations, and other stakeholders to address environmental and social challenges within supply chains.
Ellen MacArthur Foundation Global Commitment	A global pledge to eliminate plastic pollution and promote the circular economy.
Employee Assistance Programme (EAP)	Ferrero's Employee Assistance Programme is a support service provided to employees that offers confidential counselling, resources, and guidance to help them address personal and work-related challenges, promoting their wellbeing and mental health.
ENCORE	An abbreviation for Exploring Natural Capital Opportunities, Risks and Exposure. It is a tool that helps financial institutions understand how environmental change can affect the economy.
Ebiquity	Independent marketing and media consultancy monitoring Ferrero's compliance with the EU Pledge.
EU Pledge	Voluntary initiative by leading food and beverage companies to change the way they advertise to children. This is a response from industry leaders to calls made by the EU institutions for the food industry to use commercial communications to support parents in making the right diet and lifestyle choices for their children.
EUDR (EU Deforestation Regulation)	Regulation to prevent deforestation linked to commodities imported into the EU, including cocoa, coffee, soy, wood, rubber and cattle, and their derivates. It also applies to products made or fed with these commodities.
European Advertising Standards Alliance (EASA)	Promote responsible advertising by providing detailed guidance on how to go about advertising self-regulation for the benefit of consumers and businesses.
European Works Council	A European Works Council (EWC) is a forum where workers are informed and consulted by management on company-wide decisions that could impact their employment or working conditions.
Fairtrade	Certification promoting ethical working conditions and fair prices for producers.
Farm Management Plan	A plan outlining sustainable farming practices and compliance measures.
FLAG and non-FLAG emissions	FLAG emissions refer to emissions from Forestry, Land-use, and Agriculture activities, including deforestation, soil degradation, and farming. Non-FLAG emissions refer to emissions from sectors not related to land use, such as energy, transportation, and manufacturing.

Annex I: Glossary continued

Term	Definition
FoodDrinkEurope's labelling recommendations	FoodDrinkEurope, which represents the EU food and drink industry, has developed this "Code of Practice" to provide guidance for manufacturers and enforcement authorities to ensure that all on-pack information is truthful, legible and accurate.
FSC (Forest Stewardship Council)	Promotes sustainable forest management through certification.
GFSI-recognised standards	The Global Food Safety Initiative (GFSI) is a non-profit association of industry experts committed to improving food safety along the value chain. The GFSI approves a number of food safety standards covering farming, packaging, storage and distribution.
GIS-based analysis	Spatial analysis using Geographic Information Systems to study land, resources, and environmental data.
GREPALMA	Guatemalan association promoting sustainable palm oil production.
GWP (Global Warming Potential)	A measure of how much heat a greenhouse gas traps compared to CO_2 over time.
IFBA's Global Responsible Marketing Policy	The policy provides a common standard for advertising and marketing communications directed to children under 13 years aimed at reducing the exposure of children to foods and beverages high in fats, sugars and salt.
ILO (International Labour Organization)	Tripartite UN agency promoting human and labour rights and decent working conditions.
ILO public-private partnership	Joint initiatives between ILO and companies to improve labour standards.
International Food & Beverage Alliance (IFBA)	Non-profit organisation whose purpose is to help consumers around the world achieve balanced diets and a healthy lifestyle.
International Union for Conservation of Nature (IUCN)	Global organisation promoting nature conservation and sustainable use of resources.
ISCC standard	An independent multi-stakeholder initiative and certification system supporting sustainable, fully traceable, deforestation-free and climate-friendly supply chains. The certification covers sustainable agricultural biomass, biogenic wastes and residues, non-biological renewable materials and recycled carbon-based materials.
LCA (Life Cycle Assessment)	Evaluation of the environmental impacts of a product or service throughout its entire lifecycle.
National Confectioners Association's (NCA) labelling guidelines	The National Confectioners Association is an American trade organisation that promotes chocolate, candy, gum and mints, and the companies that make these treats. The NCA has encouraged the confectionery industry to adopt front-of-pack calorie labels, aiming to help consumers make informed choices.

Annex I: Glossary continued

Term	Definition
Packaging and Packaging Waste Regulation (PPWR)	EU legislation governing the environmental aspects of packaging and packaging waste.
PDRs	Product Data Records (PDRs) are aggregated products with similar nutritional characteristics (delta Energy <5% on average value among "flavours'/'version" of the same product).
PEFC (Programme for Endorsement of Forest Certification)	A global alliance for endorsing national forest certification systems.
Rainforest Alliance	Certification for environmentally and socially responsible agriculture and forestry.
REACH regulation	The REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals) Regulation is a European Union (EU) regulation designed to ensure a high level of protection for human health and the environment from the risks that can be posed by chemicals.
RSPO (Roundtable on Sustainable Palm Oil)	Certification for sustainable palm oil production practices globally.
Save the Children	NGO focused on child rights, health, education, and emergency aid.
SBTi (Science Based Targets initiative)	An abbreviation of the Science Based Targets initiative that helps companies set greenhouse gas emission reduction targets aligned with climate science and the Paris Agreement, aiming to limit global warming to well below 2°C and pursue efforts to limit it to 1.5°C.
Scientific Certification Systems (SCS)	SCS Global Services is an international leader in third-party certification, validation, and verification for environmental, sustainability, and food safety and quality performance claims.
Shift	Independent, non-profit centre for business and human rights practice.
Single-Use Plastic Directive	EU directive targeting the reduction of the impact of certain plastic products on the environment.
SMETA+	SMETA+ is Ferrero's bespoke social audit programme designed to enhance human rights and ethical standards across Ferrero's global operations. Building on the existing Sedex Members Ethical Trade Audit framework, SMETA+ incorporates additional layers of assessment to address human rights concerns, integrating the forced labour due diligence framework developed by the Consumer Goods Forum (CGF) Human Rights Coalition.
Sustainable Agriculture Network (SAN)	An international network of NGOs focused on helping companies, producers and donors to move forward with their sustainability agenda in a practical and efficient way.
Sustainable Dairy Partnership	Industry initiative to promote sustainability in dairy supply chains.

Annex I: Glossary continued

Term	Definition
The Centre for Child Rights and Business	The Centre for Child Rights and Business helps companies navigate child rights, ESG, and human rights due diligence.
The Global Alliance for Improved Nutrition	Foundation launched at the United Nations in 2002 to tackle the human suffering caused by malnutrition by working with governments, businesses and civil society.
United Nations Global Compact	The United Nations Global Compact is a non-binding United Nations pact to get businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.
United Nations Guiding Principles of Business and Human Rights (UNGPs)	A globally recognised framework for States and companies to prevent, address and remedy adverse human rights impacts result from business activities.
World Allergy Organization (WAO)	The World Allergy Organization (WAO) is an international umbrella organisation whose members consist of 115 regional and national allergology and clinical immunology societies from around the world.
Worst Forms of Child Labour	Activities that expose children to serious harm, including slavery, forced labour, illegal activities such as drug trafficking, commercial sexual exploitation and hazardous work, as defined by Article 3 of ILO Convention No. 182.

Annex II: External stakeholders

This annex provides a non-exhaustive list of external stakeholders that Ferrero regularly engages with throughout its value chain.

GLOBAL PARTNERSHIPS

- Allen & Overy
- CAOBISCO (Association of Chocolate, Biscuit and Confectionery Industries of Europe)
- Consumer Brands Association
- Consumer Goods Forum
- Costa Cruises
- Country Navigator
- Düzce Ministry of National Education (Türkiye)
- FoodDrinkEurope
- Global Alliance for Improved Nutrition (GAIN)
- International Food & Beverage Alliance (IFBA)
- National Confectioners Association
- Nudge Global Impact Challenge
- Oxford University
- Scientific Certification Systems (SCS)
- SDA Bocconi University
- United Nations Global Compact
- World Federation of Advertisers (WFA)
- Toy Industries of Europe (TIE)
- World Cocoa Foundation
- EIIS – European Institute for Innovation and Sustainability

CLIMATE

- Consumer Goods Forum – Towards Net Zero Coalition of Action

PACKAGING

- Association of Plastic Retailers
- CEFLEX
- Circular Action Alliance
- Ellen MacArthur Foundation
- EUROPEN
- Flexible Packaging Initiative
- Perfect Sorting Consortium
- Polypropylene Recycling Coalition
- RecyClass
- The Recycling Partnership

AGRICULTURE AND NATURE

- Bonsucro
- Cocoa & Forest Initiative
- Earthworm Foundation
- Farm Strong
- Global Forest Watch (World Resources Institute)
- International Union for the Conservation of Nature (IUCN)
- Ministry of Waters and Forest (Ivory Coast)
- Société de Developpement des Forests (SODEFOR – Ivory Coast)
- Sourcemap
- Sustainability Dairy Partnership (SAI Platform)
- Sustainable Agriculture Network
- The Biodiversity Consultancy

SOCIAL

- Catalyst
- Gameloft
- Shift
- AIM-Progress
- Business Disability Forum
- Diversity Charter Letzebuerg
- International Labour Organization
- International School Sports Federation (ISF)
- Save the Children
- Toy Industries Europe (TIE)
- Cocoa Coalition (EU)
- Consumer Goods Forum
- Human Rights Coalition

Annex III: Ferrero's key performance indicators

Protecting the environment

ENERGY	Unit	2021/22*	2022/23*	2023/24
Renewable energy consumption	%	23.59%	22.13%	24.64%(A)
Purchased electric energy certified renewable	%	88.69%	86.57%	90.07%(A)
Energy intensity ratio	GJ/t	7.41	7.12	7.07(A)
Total energy consumption	TJ	10,795.58	10,835.57	11,249.30(A)
Total fuel consumption	TJ	9,036.55	8,959.41	9,064.21(A)
– Total fuel consumption from non-renewables	TJ	8,501.26	8,662.67	8,739.97(A)
– Total fuel consumption from renewables	TJ	535.29	296.74	324.25(A)
Total electricity consumption (electricity sold excluded)	TJ	1,839.05	1,970.93	2,323.66(A)
– Total electricity consumption (electricity sold excluded) from non-renewables	TJ	-172.07	-130.28	-123.45(A)
– Total electricity consumption (electricity sold excluded) from renewables	TJ	2,011.12	2,101.20	2,447.11(A)
Steam or hot water consumption (sold streams excluded)	TJ	-80.02	-94.76	-138.57(A)

*Data for FY 2021/22 and FY 2022/23 are based on the perimeter disclosed in the Sustainability Report 2023.

ENVIRONMENTAL CERTIFICATIONS	Unit	2021/22	2022/23	2023/24
ISO 14001 certified plants and warehouses	n.	29	29	29
ISO 50001 certified plants and warehouses	n.	22	23	23

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Protecting the environment (continued)

GHG EMISSIONS	Unit	2021/22*	2022/23*	2023/24
GWP emissions TOTAL (Total Scope 1 + Scope 2 Market-based + Scope 3)	tCO_2eq	7,749,600	7,875,855	7,603,720[(A)]
GWP Scope 1 emissions – Total emissions	tCO_2eq	489,787	500,016	486,762[(A)]
GWP Scope 1 emissions – (Of which) for energy streams sold externally	tCO_2eq	51,143	54,224	52,600[(A)]
GWP Scope 1 emissions – Net total emissions	tCO_2eq	438,959	445,792	434,163[(A)]
GWP Scope 2 emissions – Market-based	tCO_2eq	91,621	53,878	51,356[(A)]
GWP Scope 2 emissions – Location-based	tCO_2eq	349,966	368,536	378,408[(A)]
GWP Scope 3 emissions – Cat 1 to 9 and 12	tCO_2eq	7,168,193	7,321,962	7,065,602[(A)]
GWP Scope 3 emissions – Cat 1. Purchased goods and services	tCO_2eq	5,822,207	5,952,698	5,681,138
GWP Scope 3 emissions – Cat 2. Capital goods	tCO_2eq	209,773	195,924	211,37
GWP Scope 3 emissions – Cat 3. Fuel-and-energy-related activities	tCO_2eq	78,465	76,001	74,407
GWP Scope 3 emissions – Cat 4. Upstream transportation and distribution	tCO_2eq	751,584	773,041	777,025
GWP Scope 3 emissions – Cat 5. Waste generated in operations	tCO_2eq	6,019	5,623	8,950
GWP Scope 3 emissions – Cat 6. Business travel	tCO_2eq	9,704	13,969	13,512
GWP Scope 3 emissions – Cat 7. Employee commuting	tCO_2eq	45,668	48,500	47,356
GWP Scope 3 emissions – Cat 8. Upstream leased assets	tCO_2eq	135,814	143,485	139,555
GWP Scope 3 emissions – Cat 9. Downstream transportation and distribution	tCO_2eq	13,172	13,613	13,501
GWP Scope 3 emissions – Cat 12. End of life treatment of sold products	tCO_2eq	95,788	99,107	98,782

*Figures from FY 2021/22 and FY 2022/23 have been restated to reflect the scope of FY 2023/24.

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Protecting the environment (continued)

WATER	Unit	2021/22*	2022/23*	2023/24**
Water withdrawal	m^3	5,396,499.99	5,093,589.24	5,291,727.04(A)
Water withdrawal from water main	%	61.97%	63.33%	66.43%(A)
Water withdrawal from well	%	33.43%	34.03%	32.76%(A)
Water withdrawal from river	%	4.60%	2.55%	0.78%(A)
Water withdrawal from other sources	%	0.01%	0.09%	0.03%(A)
Water withdrawal ratio	m^3/t	3.70	3.35	3.32(A)
Wastewater	m^3	3,126,139.15	2,992,834.14	2,938,519.96(A)
Wastewater – Sewage	%	92.97%	92.24%	91.96%(A)
Wastewater – Surface water	%	5.18%	5.83%	6.21%(A)
Wastewater – Ground and underground	%	1.85%	1.93%	1.83%(A)

*Data for FY 2021/22 and FY 2022/23 are based on the perimeter disclosed in the Sustainability Report 2023.

**North Canton and Chicago manufacturing plants are excluded from FY 2023/24 calculation.

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Protecting the environment (continued)

WASTE	Unit	2021/22*	2022/23*	2023/24**
Waste production ratio	kg/t	69.58	64.90	81.76
Total waste	t	101,348.29	98,731.38	130,179.21
Percentage of recovered waste	%	97.55%	97.92%	89.32%
Non-hazardous waste recycled	t	97,587.57	95,303.54	115,375.44
Non-hazardous waste disposed	t	1,762.13	1,646.99	13,096.89
Hazardous waste recycled	t	1,282.64	1,373.61	902.43
Hazardous waste disposed	t	715.95	407.24	804.45

*Data for FY 2021/22 and FY 2022/23 are based on the perimeter disclosed in the Sustainability Report 2023.

**North Canton, Augusta, Florence, Louisville and Chicago manufacturing plants are excluded from FY 2023/24 calculation.

PACKAGING AND OTHER FIGURES	Unit	2021/22*	2022/23*	2023/24
Total production	t	1,456,631	1,521,254	1,592,185
Recycled content in plastic packaging	%	4.30%	5.34%	5.82%(A)
Renewable materials in packaging	%	40.16%	40.53%	40.90%(A)
Recyclable, reusable or compostable packaging	%	83.16%	84.81%	86.10%(A)
Packaging designed to be recyclable	%	88.50%	90.70%	92.10%(A)
Reduction of plastic-to-product ratio	%	-1.30%	-7.09%	-13.24%
Total raw materials used	t	2,335,036	2,414,260	2,557,182
Refrigerant gases: ODP contribution	kgR11eq	5.81	3.94	5.71
Refrigerant gases: GWP contribution	tCO_2eq	14,268	13,540	10,870

*Data for FY 2021/22 and FY 2022/23 are based on the perimeter disclosed in the Sustainability Report 2023.

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Sourcing ingredients sustainably

COCOA	Unit	2021/22*	2022/23*	2023/24
Cocoa sourced through independent certifications schemes and standards	%	99.99%	100%	98.92%(A)
Cocoa traceability to farmer group	%	96.34%	98.28%	97.80%(A)
Cocoa traceability to farm-gate level if minimum GPS waypoint available	%	95.64%	96.06%	97.50%(A)
Cocoa traceable to farm-gate if minimum requirement polygon-mapped	%	89.17%	93.37%	97.50%(A)

HAZELNUTS	Unit	2021/22	2022/23	2023/24
Hazelnuts traceability to farm gate	%	79.73%	90.10%	93.92%

PALM OIL	Unit	2021/22	2022/23	2023/24
RSPO Certified palm oil as Segregated	%	99.6%	96.86%	96.15%(A)
Traceability to palm oil mills	%	99.95%	99.97%	100%(A)
Traceability to plantations	%	99.55%	98.57%	96.80%(A)

EGGS	Unit	2021/22	2022/23	2023/24
Cage-free eggs	%	93.13%	90%	91.3%

CANE SUGAR	Unit	2021/22	2022/23	2023/24
Cane sugar sourced through Bonsucro	%	100%	100%	100%
– Of which % certified via Bonsucro credit system	%	64.17%	65%	60%

COFFEE	Unit	2021/22	2022/23	2023/24
Certified coffee beans	%	100%	100%	100%

*Data for FY 2021/22 and FY 2022/23 do not include former Kellogg's cookie, crust and cone businesses, ICFC and Eat Natural.
(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Sourcing ingredients sustainably (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-Écalles	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

Annex III: Ferrero's key performance indicators continued

Promoting responsible consumption

PRODUCT QUALITY AND SAFETY	Unit	2021/22	2022/23	2023/24
Manufacturing plants certified FSSC 22000	n.	23	24	24
Toys safety assessment	%	100%	100%	100%
Toys medical check	%	100%	100%	100%

NUTRITION, HEALTH AND LIFESTYLE	Unit	2021/22	2022/23	2023/24
Products with serving size of 100 kcal or less	%	65.2%	65.6%	62.8%
Products with serving size between 100 and 150 kcal	%	26.0%	25.8%	28.6%
Products with serving size of more than 150 kcal	%	8.8%	8.6%	8.5%
Products with a serving size of less than 130 kcal	%	86.2%	86.2%	84.6%
Core marketed volumes covered by Glycaemic Index analysis eligible for the Sustainability Report	%	84.2%	75.8%	72.4%
Products with low GI (≤55) (based on the core market volumes) Products compliant with the IFBA sodium reduction targets	%	85.6%	89.2%	3.5%
Products with medium GI (56-69) (based on the core market volumes)	%	6.9%	4.7%	8.4%
Products with high GI (≥70) (based on the core market volumes)	%	7.4%	6.0%	8.2%
Volume of sodium-relevant foods portfolio with the IFBA sodium reduction targets 2025	%	–	100%	100%
Category Target: 2025 (required compliance 90%) Yeast and Powder Raised Desserts and Morning Goods (350 mg/100 g)	%	–	100%	100%
Category Target: 2025 (required compliance 90%) Biscuits (450 mg/100 g)	%	–	100%	100%

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Promoting responsible consumption (continued)

NUTRITION, HEALTH AND LIFESTYLE (continued)	Unit	2021/22	2022/23	2023/24
Volume of sodium-relevant foods portfolio with the IFBA sodium reduction targets 2030	%	–	100%	98%
Category Target: 2030 (required compliance 75%) Yeast and Powder Raised Desserts and Morning Goods (300 mg/100 g)	%	–	100%	96-100%
Category Target: 2030 (required compliance 75%) Sweet Biscuits (380 mg/100 g)	%	–	100%	98%
Distribution of the PDRs according to the target eating occasions, on marketed volumes – Breakfast	%	34.7%	33.5%	33.4%
Distribution of the PDRs according to the target eating occasions, on marketed volumes – BMEE	%	45.2%	49.0%	48.3%
Distribution of the PDRs according to the target eating occasions, on marketed volumes – Desser	%	5.1%	0.0%	0.1%
Distribution of the PDRs according to the target eating occasions, on marketed volumes – Occasional	%	15.0%	17.5%	18.3%

Annex III: Ferrero's key performance indicators continued

Empowering people

INTERNAL AND EXTERNAL WORKFORCE AS OF 31ST AUGUST

Number of employees	As of 31/08/2022	As of 31/08/2023	As of 31/08/2024
Group employees	41,441	47,212	47,517
Ferrero Foundation	13	12	12
External workforce	8,090	6,072	5,995

EXACT WORKFORCE OF THE GROUP AS OF 31ST AUGUST

Number of employees	As of 31/08/2022*	As of 31/08/2023**	As of 31/08/2024***
Total	39,719	41,116	42,616
Of which women	43.79%	43.95%	43.77%

*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.
**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, Eat Natural, Fresystem, Wells and FTE Holdinvest S.p.a.
***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, Eat Natural, Fresystem, Wells and FTE Holdinvest S.p.a.

GROUP WORKFORCE BY TYPE OF CONTRACT

	As of 31/08/2022		As of 31/08/2023		As of 31/08/2024	
Type of work contract	Number of employees	%	Number of employees	%	Number of employees	%
Fixed term	8,317	20.94	8,242	20.05	7,339	17.22
Permanent contract	31,402	79.06	32,874	79.95	35,277	82.78
Total	39,719	100	41,116	100	42,616	100

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

GROUP WORKFORCE BY TYPE OF CONTRACT (continued)

	As of 31/08/2022				As of 31/08/2023				As of 31/08/2024			
Type of work contract	Europe	%	Extra Europe	%	Europe	%	Extra Europe	%	Europe	%	Extra Europe	%
Fixed term	5,830	24.51	2,487	15.61	5,423	26.79	2,819	13.50	5,038	24.42	2,301	10.47
Permanent contract	17,960	75.49	13,442	84.39	14,816	73.21	18,058	86.50	15,591	75.58	19,686	89.53
Total	23,790	100	15,929	100	20,239	100	20,877	100	20,629	100	21,987	100

Note: "Europe" includes the 27 EU Member States and the countries as defined by the UN Geoscheme. "Extra Europe" includes all the other Countries where the Group operates.

	As of 31/08/2022	As of 31/08/2023	As of 31/08/2024
Part-time/Full-time	%	%	%
Part-time	4.84	5.07	4.88
Full-time	95.16	94.93	95.12

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

	As of 31/08/2022			As of 31/08/2023			As of 31/08/2024		
Group workforce at 31st August	Total number employees	Women %	Men %	Total number employees	Women %	Men %	Total number employees	Women %	Men %
Geographical area									
Europe	23,790	43.26	56.74	25,820	44.02	55.98	20,629	43.81	56.19
Extra Europe	15,929	44.57	55.43	15,296	43.82	56.18	21,987	43.73	56.27
Employee category									
Blue collar	23,988	45.58	54.42	24,945	45.40	54.60	25,447	44.91	55.09
Employees	11,872	44.14	55.86	12,050	44.40	55.60	12,771	44.52	55.48
Middle Manager	2,711	36.89	63.11	2,888	44.00	56.00	3,058	39.76	60.24
Senior Manager	1,148	18.99	81.01	1,233	21.70	78.30	1,340	24.10	75.90

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

	As of 31/08/2022			As of 31/08/2023			As of 31/08/2024		
Group workforce at 31st August	Total number employees	Women %	Men %	Total number employees	Women %	Men %	Total number employees	Women %	Men %
Type of contract									
Permanent	31,402	41.55	58.45	32,874	41.79	58.21	35,277	42.04	57.96
Fixed term	8,317	45.41	54.59	8,242	52.58	47.42	7,339	52.09	47.91
Part-time/Full-time									
Part-time	3,097	87.01	12.99	2,086	77.33	22.67	2,080	77.50	22.50
Full-time	36,622	42.80	57.20	39,030	42.17	57.83	40,536	42.04	57.96
Total	39,719	43.79	56.21	41,116	43.95	56.05	42,616	43.77	56.23

AVERAGE LENGTH OF SERVICE BY AREA

	As of 31/08/2022		As of 31/08/2023		As of 31/08/2024	
Employee category	Europe	Extra Europe	Europe	Extra Europe	Europe	Extra Europe
Blue collar	9 Years, 1 Month	4 Years, 10 Months	11 Years, 4 Months	5 Years, 0 Months	11 Years, 2 Months	5 Years, 4 Months
Employees	12 Years, 3 Months	4 Years, 9 Months	11 Years, 12 Months	5 Years, 0 Months	11 Years, 7 Months	5 Years, 1 Month
Middle Manager	14 Years, 8 Months	7 Years, 0 Months	14 Years, 8 Months	7 Years, 2 Months	14 Years, 8 Months	7 Years, 5 Months
Senior Manager	17 Years, 12 Months	12 Years, 0 Months	17 Years, 11 Months	11 Years, 9 Months	17 Years, 11 Months	11 Years, 0 Months
Total	10 Years, 7 Months	4 Years, 12 Months	12 Years, 1 Month	5 Years, 2 Months	11 Years, 10 Months	5 Years, 5 Months

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

PERSONNEL TURNOVER*

* For FY 2021/22, Thorntons retail workforce is excluded from the calculation of the turnover. For FY 2022/23 and FY 2023/24, Thorntons retail workforce, Fresystem, Wells and FTE Holdinvest S.p.a. are excluded from the calculation of the turnover.

	2021/22					
	Outgoing			Incoming		
Europe	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

	2022/23					
	Outgoing			Incoming		
Europe	Women	Men	Total	Women	Men	Total
<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

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

PERSONNEL TURNOVER* (continued)

* For FY 2021/22, Thorntons retail workforce is excluded from the calculation of the turnover. For FY 2022/23 and FY 2023/24, Thorntons retail workforce, Fresystem, Wells and FTE Holdinvest S.p.a. are excluded from the calculation of the turnover.

	2023/24					
	Outgoing			Incoming		
Europe	Women	Men	Total	Women	Men	Total
<30	165	169	334	346	433	779
30 – 50	247	304	551	340	389	729
>50	201	265	466	48	47	95
Total	613	738	1,351	734	869	1,603
%	6.16	5.54	5.80	7.38	6.52	6.89

	2021/22					
	Outgoing			Incoming		
Extra Europe	Women	Men	Total	Women	Men	Total
<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

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

PERSONNEL TURNOVER* (continued)

* For FY 2021/22, Thorntons retail workforce is excluded from the calculation of the turnover. For FY 2022/23 and FY 2023/24, Thorntons retail workforce, Fresystem, Wells and FTE Holdinvest S.p.a. are excluded from the calculation of the turnover.

	2022/23					
	Outgoing			Incoming		
Extra Europe	Women	Men	Total	Women	Men	Total
<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

	2023/24					
	Outgoing			Incoming		
Extra Europe	Women	Men	Total	Women	Men	Total
<30	352	410	762	522	617	1,139
30 – 50	496	894	1,390	578	1,032	1,610
>50	131	204	335	57	107	164
Total	979	1,508	2,487	1,157	1,756	2,913
%	15.81	18.27	17.22	18.68	21.28	20.17

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

PERSONNEL TURNOVER* (continued)

* For FY 2021/22, Thorntons retail workforce is excluded from the calculation of the turnover. For FY 2022/23 and FY 2023/24, Thorntons retail workforce, Fresystem, Wells and FTE Holdinvest S.p.a. are excluded from the calculation of the turnover.

	2021/22					
	Outgoing			Incoming		
Group	Women	Men	Total	Women	Men	Total
<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

	2022/23					
	Outgoing			Incoming		
Group	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

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

PERSONNEL TURNOVER* (continued)

* For FY 2021/22, Thorntons retail workforce is excluded from the calculation of the turnover. For FY 2022/23 and FY 2023/24, Thorntons retail workforce, Fresystem, Wells and FTE Holdinvest S.p.a. are excluded from the calculation of the turnover.

	2023/24					
	Outgoing			Incoming		
Group	Women	Men	Total	Women	Men	Total
<30	517	579	1,096	868	1,050	1,918
30 – 50	743	1,198	1,941	918	1,421	2,339
>50	332	469	801	105	154	259
Total	1,592	2,246	3,838	1,891	2,625	4,516
%	9.86	10.41	10.17	11.71	12.17	11.97

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

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	2021/22	2022/23	2023/24
Alba	5.44%	4.68%	4.74%
Alfreton	5.69%	5.79%	5.77%
Alzira	NA	NA	10.23%
Arlon	7.17%	6.33%	6.97%
Balvano	4.82%	3.71%	3.79%
Baramati	1.83%	1.83%	2.03%
Belsk	8.05%	7.56%	7.51%
Bloomington	4.46%	3.56%	2.62%
Brantford	8.67%	7.79%	7.58%
Chicago 110th	NA	NA	0.75%
Cork	8.60%	7.19%	6.40%
Franklin Park	3.38%	6.41%	1.75%
Halstead	NA	NA	12.40%
Hangzhou	1.67%	3.26%	1.98%
La Pastora	3.06%	2.12%	2.67%
Lithgow	5.59%	6.32%	5.46%
Manisa	5.32%	4.02%	3.19%
North Canton	0.66%	6.37%	4.26%
Poços de Caldas	4.61%	3.85%	3.93%

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

ABSENTEEISM (continued)

Blue collar absenteeism	2021/22	2022/23	2023/24
Pozzuolo Martesana	6.47%	5.42%	4.96%
Quito	3.33%	2.19%	2.42%
San José Iturbide	0.56%	0.60%	0.52%
S. Angelo dei Lombardi	5.03%	5.11%	4.53%
Stadtallendorf	9.74%	9.13%	10.09%
Villers-Écalles	7.64%	7.16%	6.43%
Vladimir	7.79%	7.91%	6.10%
Walkerville	1.54%	1.33%	0.75%

TRAINING*	2021/22	2022/23	2023/24
Overall training hours	819,896	1,048,585	1,065,525
Training participations	360,410	397,623	527,729
Training participants	29,339	30,788	32,845
Training hours per capita*	21.8	26.14	25.42

* For FY 2021/22, Thorntons retail workforce is excluded from training data. For FY 2022/23 and FY 2023/24, Thorntons retail workforce, Fresystem, Wells and FTE Holdinvest S.p.a. are excluded from training data.

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

TRAINING (continued)

Countries with the highest number of training hours delivered are:	Number of hours (2021/22)
Italy	132,188
Germany	96,074
USA	89,964
Mexico	81,738
Luxembourg	45,616

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

Countries with the highest number of training hours delivered are:	Number of hours (2023/24)
Italy	209,625
USA	103,432
Germany	101,639
Brazil	76,905
Mexico	66,356

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

TRAINING (continued)

	2021/22			2022/23			2023/24		
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	Number of hours	% of training hours followed, by gender	Training hours per capita, by gender
Female	353,376	43.1	20.72	447,117	42.6	25.38	463,629	43.51	25.19
Male	466,520	56.9	22.72	601,468	57.4	26.74	601,896	56.49	25.60
Grand total	**819,896**	**100**	**21.83**	**1,048,585**	**100**	**26.14**	**1,065,525**	**100**	**25.42**

	2021/22		2022/23		2023/24	
Hours of training by category	Number of hours	% of total training hours delivered	Number of hours	% of total training hours delivered	Number of hours	% of total training hours delivered
Group level	Delivered hours	Per capita	Delivered hours	Per capita	Delivered hours	Per capita
Blue collar	367,316	44.8	464,104	44.3	452,668	42.48
Employee	342,533	41.8	445,649	42.5	419,950	39.41
Middle manager	76,942	9.4	114,820	11.0	135,131	12.68
SM & above	33,105	4.0	24,013	2.3	57,776	5.42
Total	**819,896**	**100**	**1,048,585**	**100**	**1,065,525**	**100**

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

Empowering people (continued)

OCCUPATIONAL HEALTH AND SAFETY	2021/22	2022/23	2023/24
Frequency Rate – LDIR (per 1,000,000 hours)	5.1	4.6	3.9
Frequency Rate – TRIR (per 1,000,000 hours)	7.2*	5.9	4.5

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

*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	2021/22	2022/23	2023/24
Countries involved in the project	n.	33	34	35
Number of children reached	n.	2,582,252	3,492,121	3,761,750
Sport federations and associations involved	n.	131	131	131
Monetary investment on the project	€	10,880,492	11,418,373	13,867,549

(A): data externally assured

Annex III: Ferrero's key performance indicators continued

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 centres.

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	2021/22	2022/23	2023/24
Depreciation	4.38%	4.50%	4.41%
Operating costs reclassified	70.39%	69.47%	67.02%
Net Added Value	25.53%	26.41%	28.57%

Added Value distributed	2021/22	2022/23	2023/24
Value distributed			
Human resources	70.07%	66.42%	63.32%
Capital remuneration	17.42%	22.29%	19.96%
Public sector	9.17%	8.33%	6.93%
Community	0.60%	0.71%	0.40%
Value retained			
Enterprise system	2.75%	2.24%	9.38%

(A): data externally assured

External Assurance

To the Management of

FERRERO INTERNATIONAL S.A.
16, rue de Trèves
L-2633 Senningerberg
Luxembourg

Independent Practitioner's Limited Assurance Report on Ferrero International S.A. 's Selected Information

Limited assurance conclusion

We have conducted a limited assurance engagement on certain information disclosed in the Ferrero Sustainability Report 2024 (the "Sustainability Report") of Ferrero International S.A. (the "Company") and its subsidiaries (together "the Group") included in the Section "Annex III: Ferrero's key performance indicators" of the Sustainability Report as at 31 August 2024 and for the period from 1 September 2023 to 31 August 2024 as set out in the table attached below in Exhibit 1 (the "Selected Information").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the assessment criteria as set forth in the methodologies defined by the Group and explained in the methodological note of the Sustainability Report, "Reporting Summary" section (the "Assessment Criteria").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE 3000 (Revised)), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB), as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises (IRE).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Responsibility of the "Réviseur d'entreprises agréé" section of our report.

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Cabinet de révision agréé. Expert-comptable (autorisation ministérielle n° 10181659)
R.C.S. Luxembourg B294273 - TVA LU36559370

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.

Responsibilities of the Management

The Management of the Group 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 Group and the intended users of the Selected Information;
- making available Assessment Criteria to intended users to allow them to understand how underlying Selected Information have been measured or evaluated;
- designing, implementing and maintaining such internal control as the Management determines is necessary to enable the preparation of the Selected Information, in accordance with the Assessment Criteria, that is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate sustainability reporting methods, and making assumptions and estimates that are reasonable in the circumstances;
- the preparation of the Selected Information in accordance with the Assessment Criteria; and
- retention of sufficient, appropriate records to support the reported data and assertions included in the Selected Information.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability.The precision of different measurement techniques may also vary. Qualitative interpretations of relevance, materiality, accuracy of data and estimates of margins of uncertainty on data are subject to individual assumptions and judgements.

External Assurance continued

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Selected Information.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- determine the suitability in the circumstances of the Group's use of Assessment Criteria as the basis for the preparation of the Selected Information;
- perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control;
- design and perform procedures responsive to where material misstatements are likely to arise in the Selected Information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Selected Information. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of where material misstatements are likely to arise in the Selected Information, whether due to fraud or error.

In conducting our limited assurance engagement, we:

- obtained an understanding of the Selected Information and related disclosures, including Group's reporting processes relevant to the preparation of the Selected Information;
- obtained an understanding of the Assessment Criteria and their suitability for the evaluation and/or measurement of the Selected Information;
- evaluated whether all information identified by the process to identify the information reported in the Selected Information is included in the Selected Information;
- based on that understanding, assessed the risks that the Selected Information may be materially misstated and determination of the nature, timing and extent of further procedures;

- performed inquiries of relevant Group's personnel on Selected Information;
- performed analytical procedures related to the Selected Information;
- evaluated the methods, assumptions and data for developing the estimates made by management in the preparation of the Selected Information;
- performed substantive assurance procedures on a selective basis of evidence supporting the reported Selected Information and assessed the related disclosures; and
- reviewed the presentation of the Selected Information and related disclosures included in the Sustainability Report 2024.

Other Matter

Our limited assurance engagement is related only to the Selected Information for the period 1 September 2023 to 31 August 2024, and we have not performed any procedures with respect to any other elements included in the Sustainability Report 2024 of the Group, and therefore, do not express any conclusion thereon.

Restriction on distribution and use

This report, including the opinion, has been prepared for and only for the Management 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 Assurance, Société coopérative — Luxembourg, 21 July 2025
Represented by

Julien Melotte
Réviseur d'entreprises agréé

Tal Ribon
Réviseur d'entreprises agréé

Appendix: Exhibit 1 - Table of the "Selected Information".

External Assurance continued

Appendix: Exhibit 1 - Table of the "Selected Information"

Exhibit 1 - Table of the "Selected Information"

Key Performance Indicators	Units
Renewable energy consumption	%
Purchased electric energy certified renewable	%
Energy intensity ratio	GJ/t
Total energy consumption	TJ
Total fuel consumption	TJ
- Total fuel consumption from non-renewables	TJ
- Total fuel consumption from renewables	TJ
Total electricity consumption (electricity sold excluded)	TJ
- Total electricity consumption (electricity sold excluded) from non-renewables	TJ
- Total electricity consumption (electricity sold excluded) from renewables	TJ
Steam or hot water consumption (sold streams excluded)	TJ
GWP Emissions TOTAL (Total Scope 1 + Scope 2 Market based + Scope 3)	tCO2eq
GWP Sc.1 Emissions - Total emissions	tCO2eq
GWP Sc.1 Emissions - (Of which) for Energy streams sold externally	tCO2eq
GWP Sc.1 Emissions - Net total emissions	tCO2eq
GWP Sc.2 Emissions - Market based	tCO2eq
GWP Sc.2 Emissions - Location based	tCO2eq
GWP Sc.3 Emissions – Total Categories 1 to 9 and 12	tCO2eq
Water withdrawal	m3
Water withdrawal from water main	%
Water withdrawal from well	%
Water withdrawal from river	%
Water withdrawal from other sources	%
Water withdrawal ratio	m3/t
Wastewater	m3
Wastewater Sewage	%
Wastewater Surface water	%
Wastewater Ground and underground	%
Packaging designed to be recyclable	%
Recyclable, reusable or compostable packaging	%
Recycled content in plastic packaging	%
Renewable materials in packaging	%
Cocoa sourced through independently certifications schemes and standards	%
Cocoa traceability to farmer group	%
Cocoa traceability to farm-gate level if minimum GPS waypoint available	%
Cocoa traceable to farm gate if minimum requirement polygon-mapped	%
RSPO Certified palm oil as Segregated	%
Traceability to palm oil mills	%
Traceability to plantations	%

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