FERRERO

FERRERO SUPPLIER CODE

We, the Ferrero Group (Ferrero) believe that partnerships and collaboration with our suppliers is a mutually beneficial and inclusive way to ensure responsible sourcing throughout our supply chain. Partnerships build trust not only with our suppliers, but also along the entire value chain. We are committed to working with our suppliers on a journey of continuous improvement and strongly believe it will create common and shared benefits to us, our suppliers and all communities where we operate.

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

1. CONTEXT

This Supplier Code is subject to the **Ferrero's Human Rights Policy Statement** and is complimentary to the Code of Business Conduct (COBC) and, therefore, does not amend and/or override the COBC and/or any provisions and/or any agreements, arrangements and contracts with the Supplier.

This Supplier Code will be followed by a due diligence-based approach. Upon completing the due diligence, the Supplier Code may be followed by specific Charter documents establishing Ferrero's commitments based on selected priorities of the Ferrero Group.

2. APPLICATION AND SIGNIFICANCE

This Supplier Code applies to all Suppliers, i.e. all vendors and sellers that produce, trade, sell, lease and/or provide goods or services that enter Ferrero's supply chain and where such vendors and sellers have a direct commercial relationship with Ferrero (Supplier).

This Supplier Code focuses on three pillars that are strategically important for the Ferrero Group:
1) Human Rights and Social Practices,
2) Environmental Protection and Sustainability,
3) Supplier Transparency.

Each of the areas set out in this Supplier Code requires the development and deployment of multiple initiatives on an ongoing basis. We recognize the need to collaborate with our Suppliers on each of these initiatives to develop specific and achievable targets, milestones and projects in each of these areas. The implementation process will be reasonably tailored to the size and associated risks from a Supplier's operations.

3. RULES OF ENGAGEMENT

This Supplier Code sets out our overarching expectations and rules of engagement for each pillar set out in section 6 below.

Our Suppliers are our key partners in ensuring that the approach we apply across our supply chain is also applied by our Suppliers across their supply chains. Our Suppliers will achieve this by cascading this Supplier Code and by conducting due diligence throughout their supply chain on their employees, agents, subcontractors, suppliers and sub-suppliers to the extent they are involved in the provision of goods and/or services to Ferrero. A due diligence-based approach will ensure Suppliers are aligned with the objectives of this Supplier Code.

A due diligence-based approach may include self-declaration exercises, online assessments, risk and impact assessments, data collection, internal or third-party audits, as well as providing us with certifications, accreditations and/or documents demonstrating alignment with the COBC and this Supplier Code. Suppliers should remain open to new tools and approaches that can help them address and manage each Responsible Sourcing Pillar in a standardized and structured manner.

This includes, without limitation:

- Having an effective management system in place, such as policies and mechanisms for conducting due diligence, grievance reporting and remediation as well as all necessary policies, objectives, procedures, etc;
- Making their programs visible and sharing information with us on the implementation of this Supplier Code;
- Collecting and providing Ferrero specific data to support the implementation of this Supplier Code;
- Comply with all laws and regulations applicable in the countries in which the Supplier operates (such as those relating to sanctions, export controls and reporting obligations, anti-bribery and anti-corruption laws, data protection, confidentiality & privacy, intellectual property and anti-trust and competition laws);
- Keep a record of any assessments, results and/or actions under this paragraph for at least 5 years unless a longer period is mandated by contract or applicable law.

Our Suppliers will work with Ferrero to ensure their practices are aligned with the Responsible Sourcing Pillars and collaborate to find appropriate actions for continuous improvement.

4. CONTINUOUS IMPROVEMENT

Where a Supplier is aligned with our Responsible Sourcing Pillars, it will also engage with us in a journey of continuous improvement. Any action plans and specific improvement measures will be developed with us in a collaborative way.

The improvement measures and/or suggestions do not constitute legal advice and do not relieve Suppliers of their obligations to consult legal professionals. In addition, our improvement measures and suggestions do not preclude Suppliers from going beyond what is suggested.

5. NOTIFYING CONCERNS

Suppliers must deal with Ferrero in an open and cooperative way and disclose to Ferrero anything relating to this Supplier Code of which Ferrero would reasonably expect notice of. Suppliers shall exercise good judgment, bearing in mind the severity and potential impact of the relevant concerns on the Ferrero supply chain when determining whether it is notifiable. Suppliers shall notify any concerns through their reference point in Ferrero in the first instance. If the regular reference point is not appropriate or is not available, Suppliers shall contact the **Integrity Helpline.**

The Ferrero **"Integrity Helpline"**, managed by a third-party, is open 24-hours-a-day, 365-days-a-year and can be accessed online and by phone in 43 languages. All notifications are managed confidentially. Ferrero will promptly investigate any concerns raised and will discuss findings with the relevant Supplier. In case remediation is required, Ferrero reserves the right to request corrective actions, clear deadlines and firm commitments for any implementation plans.

6. RESPONSIBLE SOURCING PILLARS

The following paragraphs describe the three key pillars of this Supplier Code. Each pillar involves several workstreams that demand programs, procedures and processes and our Suppliers agree to engage with us on each of these pillars. Suppliers must comply with all laws and regulations applicable in the countries in which the Supplier operates. If there is a conflict between international standards and applicable laws, Suppliers must comply with the applicable laws, while seeking ways to honor these international standards. Our commercial relationship with our Suppliers will be guided by our Suppliers' involvement and proactivity in implementing these pillars.

PILLAR 1: HUMAN RIGHTS AND SOCIAL PRACTICES

Child Protection and No Child Labour

Supplier shall recognize the human rights of children, such as the right to education, right to play and right to basic needs and follow ILO's definitions on the minimum age for employment and hazardous work and aim to align with the Child Rights & Business Principles.

Supplier shall take appropriate steps and measures to identify, prevent and address child labour issues the Supplier may cause, contribute or be linked to through its business relationships.

No Forced, Bonded and Compulsory Labour

Supplier shall oppose forced labour as defined by the ILO and condemn the use of all forms of forced or compulsory labour, including forced prison labour, indentured labour, bonded labour, modern forms of slavery and any form of human trafficking in our value chain. Supplier shall aim to ensure all employees enjoy freedom of movement and are not restricted through physical restriction, abuse, threats and practices such as retention of identity documents and valuable possessions, have the right to work freely, are aware of their employment terms in advance and are regularly compensated.

Supplier shall take appropriate steps to identify, prevent and address forced labour they may cause, contribute or may be linked to through their business relationships.

Fair Wages

Supplier shall provide all employees with a fair and competitive salary in line with the relevant ILO Conventions on wages while considering the needs of employees and their families. Salary arrangements should be established under global principles, informed by structures that reflect local market practices and values.

Working Hours

Supplier shall recognize the challenge of managing work-life balance and the right to rest and leisure. Supplier shall comply with collective agreements, if any, on working hours and paid leave. Supplier shall aim to provide all employees a balance in meeting company and personal demands. Supplier shall support ILO Conventions on working hours and weekly rest.

Diversity and Inclusion, No Discrimination and Harassment

Supplier shall value diversity and inclusion and condemn any forms of discrimination and harassment, any inappropriate or disrespectful behavior, such as physical and verbal abuse and sexual harassment at the workplace or at any work-related events. Supplier shall aim to take proactive measures to promote equal opportunities for all employees, including transient and temporary workers, seasonal workers and workers engaged in a country other than their country of origin or nationality. Supplier shall follow the ILO Conventions on discrimination and migration for employment. Supplier shall take appropriate steps and measures to identify, prevent and mitigate discrimination they may cause, contribute or may be linked to through their business relationships.

Freedom of association and Collective bargaining

Supplier shall recognize the right of their employees to form and join a trade union of their choice and the right to collective bargaining without fear of intimidation or reprisal. Supplier shall oppose and take appropriate steps and measures to identify, prevent and address any discriminatory behaviors with respect to trade union organization, union membership and activity in such areas as applications for employment and decisions on training, award, advancement, dismissal or transfer. Supplier shall follow ILO Conventions on freedom of association, collective bargaining and workers' representatives.

Health and Safety

Supplier shall recognize that people are at the heart of the company. In accordance with the ILO Convention on health and safety, Supplier shall work continuously and take appropriate steps and measures to provide and maintain a safe and healthy working environment for all our employees by addressing identified risks, carrying out preventive measures, assessing the effectiveness of those measures and seeking continuous improvements. Supplier shall aim to develop a sustainable health & safety culture in the organization.

Environmental related Human Rights Issues

Supplier shall recognize that a safe, clean and sustainable environment is integral to the full enjoyment of human rights. Protecting the environment is therefore fundamental to protecting and respecting human rights. Supplier shall aim to protect the ecosystem, promoting the respect of land use, land rights and traditional culture and livelihood of local communities.

Supplier shall demonstrate practices to protect the natural environment and ecosystem as the basis to protect land rights, traditional culture and livelihood of local communities.

Remediation and Grievance Procedures

Supplier shall take appropriate steps and measures to put in place an effective remedy mechanism to ensure human rights concerns and issues along their supply chain can be addressed.

PILLAR 2: ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

No Deforestation and No Peat development

Supplier shall take appropriate steps to ensure their actions do not have any negative impact on forests, peatlands and other protected territories of any depth. Additionally, Supplier shall not expand into High Carbon Stock (HCS)[1] forests, High Conservation Value (HCV)[2] areas, or legally-protected areas. When establishing new operations or expanding existing ones, Supplier shall obtain all legal approvals and permissions. Supplier shall keep documentary evidence of land use history and provide it, if requested.

Biodiversity

Supplier shall take appropriate steps to ensure throughout their operations and their entire supply chain, that biodiversity is preserved. When establishing new operations or expanding existing ones, Suppliers shall take appropriate steps to protect High Conservation Value areas and foster biodiversity. Supplier shall keep documentary evidence of land use history and provide it, if requested.

Air quality and carbon footprint[3]

Supplier shall take appropriate steps to minimize air emissions and impact on air quality, as far as possible and put in place practices to assess and reduce their carbon footprint and provide documentary evidence of their carbon footprint, if requested.

Water management and conservation

Supplier shall take appropriate steps to minimize its impact on water by reducing their water consumption and ensuring groundwater quality is maintained or improved, as far as possible, supporting water conservation. Supplier shall take appropriate steps to provide documentary evidence of their water footprint assessment, if requested.

Waste management

Supplier shall take appropriate steps to minimize the production of waste and the consumption of natural resources. Supplier shall put in place practices on waste management, reducing their waste footprint and promoting circular economy.

Chemicals management

Supplier shall not use chemicals considered harmful[4] to the environment and/or to people. Supplier sourcing agricultural commodities perform and promote, across their supply chain and towards farmers, a reduced use of chemicals and fertilizers.

Supplier shall put in place practices on chemical management across their supply chain. Supplier shall provide documentary evidence of their chemical management and usage, if requested.

Soil quality

Supplier shall take appropriate steps preserve soil quality and minimize their impacts on soil, as far as possible. Supplier sourcing agricultural commodities perform and promote, across their supply chain and towards farmers, good farming and agricultural practices. Supplier shall perform and promote composting and re-use of organic matter, and regenerative agriculture (i.e. practices which promote soil biodiversity and carbon storage)[5]. Supplier shall provide documentary evidence of their soil management and/or soil impact assessment, if requested.

Energy Efficiency

Supplier shall take appropriate steps to minimize the consumption of energy, as well as put in place energy saving strategies (i.e. use of renewable sources and fuels, fuel-efficient logistics operations).

Animal welfare

Supplier shall take appropriate steps to ensure the protection of animals and the respect of animal welfare, seeking a constant progressive improvement of the mental and physical needs of animals[6].

Sustainable packaging

Supplier shall take appropriate steps to minimize the environmental impact of packaging. Supplier shall continuously apply the principles of Ecodesign: removing unnecessary packaging, selecting recycled materials whenever possible, reducing the amount of materials - particularly if coming from non-renewable sources - and facilitating future packaging reuse or recycling.

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[1] Methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values

[2] Natural habitats where biological, ecological, social or cultural values are of outstanding significance at the national, regional or global level or of critical importance at the local level

[3] The majority of Ferrero's carbon footprint is linked to activities carried out by its Suppliers

[4] Defined as chemicals appearing on World Health Organization (WHO) class 1a and b, Stockholm POP, or Rotterdam PIC lists

[5] Holistic land management practice that improves soil health, primarily through the practices that increase soil organic matter

[6] As per Five Freedoms, International standards of animal care developed in response to a 1965 UK Government report on livestock husbandry, and formalized in 1979 press statement by the UK Farm Animal Welfare Council. 1) Freedom from hunger and thirst; 2) Freedom from discomfort; 3) Freedom from pain, injury and disease; 4) Freedom to express normal behaviors; 5) Freedom from fear and distress

PILLAR 3: SUPPLIER TRANSPARENCY

Traceability and data management

Supplier shall actively engage their supply chain in order to increase transparency and traceability therein. Supplier shall trace where their commodities originate from, retain critical records and report and manage the information as per agreed data set. Supplier shall provide to Ferrero sample lots and traceability records and information, when requested.

Management Systems

Supplier shall ensure the three key pillars are managed along their supply chain, by adopting a due diligence-based approach. Supplier shall take appropriate steps to have management systems in place, including policies, objectives and procedures. Supplier shall provide trainings to workers and/or employees, ensuring all pillars of this Supplier Code are understood and addressed consistently. Supplier shall provide documentary evidence to demonstrate implementation of each of the pillars, if requested.

7.UPDATES AND REVISIONS

This Supplier Code will be updated and reviewed on a regular basis to reflect learnings from the journey of continuous improvement. The latest version of the Supplier Code is available on our website at **www.ferrero.com.**

This Supplier Code has been translated into various languages for ease of reference, available on our website at **www.ferrero.com.** In the event of any discrepancy between this English version and any translated version, this English version will supersede.

8.SUPPLIER DECLARATION

We wish to foster long-term relationships with our Suppliers to ensure that we keep strengthening our partnership for a fair, sustainable and transparent supply chain.

Therefore, the Supplier:

- **agrees and commits to the above-mentioned rules of engagement, which are an essential prerequisite for the ongoing business relation with Ferrero Group;**
- **agrees to carry out due diligence, which may include self-declaration exercises, online assessments, risk and impact assessments, data collection, internal or third-party audits as well as providing us with certifications, accreditations and/or documents demonstrating alignment with the COBC and this Supplier Code;**
- **agrees that Ferrero or an appointed third party may carry out announced/ unannounced audits/inspections in accordance with any arrangements, agreements or contracts with Ferrero; and**
- **shall cascade this Supplier Code and conduct due diligence throughout their supply chain on their employees, agents, subcontractors, suppliers and sub-suppliers to the extent they are involved in the provision of goods and/or services to Ferrero.**