

CGF Commodity masterclass

FERRERO

Hazelnut



26th June 2025

Agenda



Provide overview on **commodity context**



Share **regional specificities**



Present **solutions** + case studies



Questions, answers & next masterclass in series



Discussion on **opportunities to partner & scale** for impact

Unrecorded section

About the 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 FY2023/24

€18.4bn 1.59m

Consolidated turnover

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

kinder

nutella



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 PLANTS¹

Argentina: La Pastora

Australia: Lithgow

Belgium: Arlon

Brazil: Poços de Caldas

Canada: Bramford

China: Hangzhou

Ecuador: Quito

France: Villers-Ecalles

Germany: Stadtlendorf, Faulbach

India: Baramati

Ireland: Cork

Italy: Alba, Pozzuolo Martesana, Bolzano, S. Angelo Dei Lombardi, Castel D'ario, Calvano

Mexico: S. José Iturbide

Poland: Belsk Duży

Russia: Vladimir

South Africa: Waikerville

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

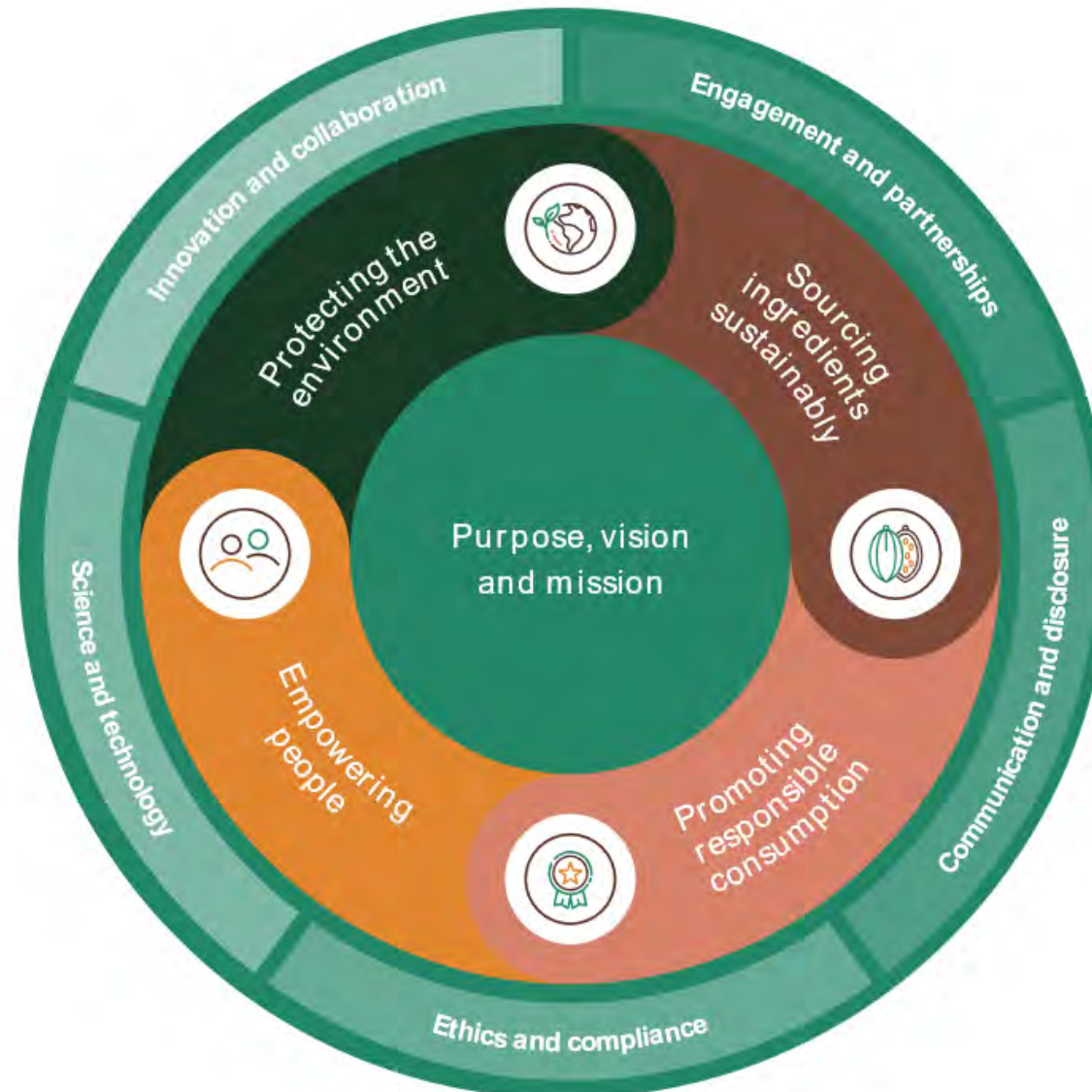
FERRERO HAZELNUT COMPANY
Türkiye, Chile, U.S., Italy, France, Georgia, Argentina, Serbia

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, Calvano, Faulbach, and Vladimir.

FERRERO - Our Sustainability Framework

We monitor, measure, manage and aim to reduce our environmental impact across the value chain.

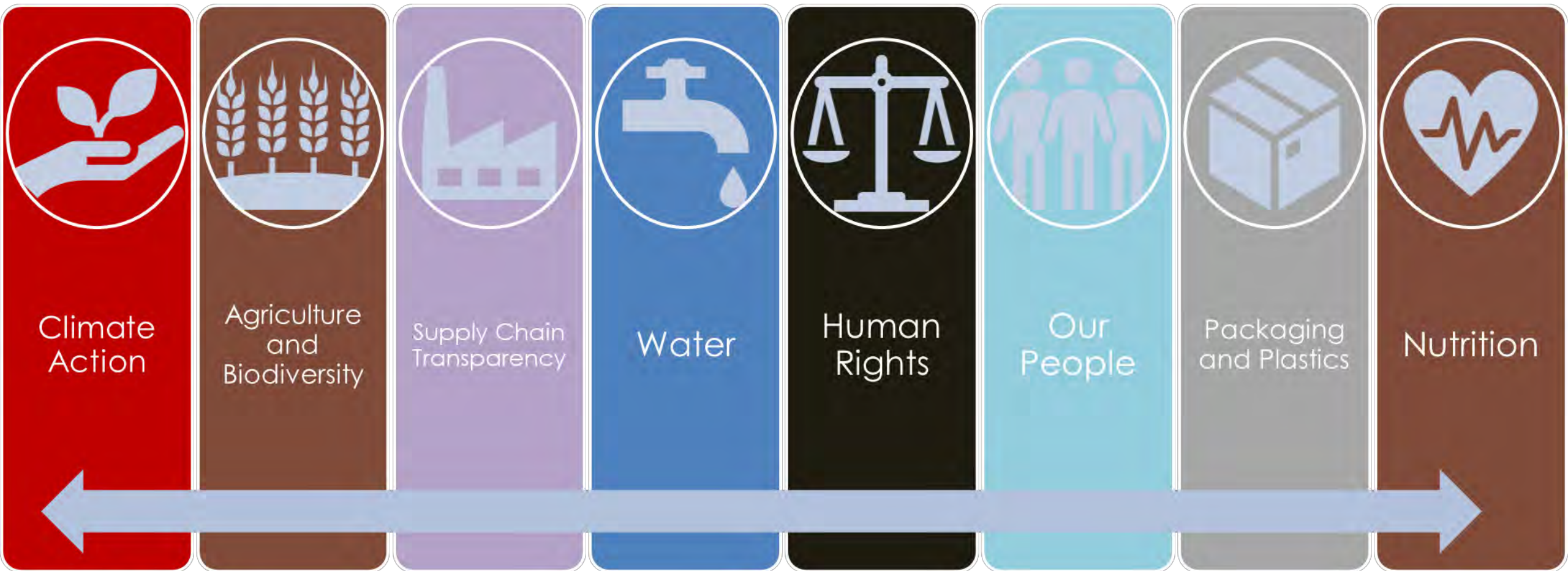
We care about the people working with us across >50 countries, and aim to build a culture of trust, respect, and opportunity for all.



We aim to create a thriving supply chain **which benefit farmers'** livelihoods and communities, protecting people and nature.

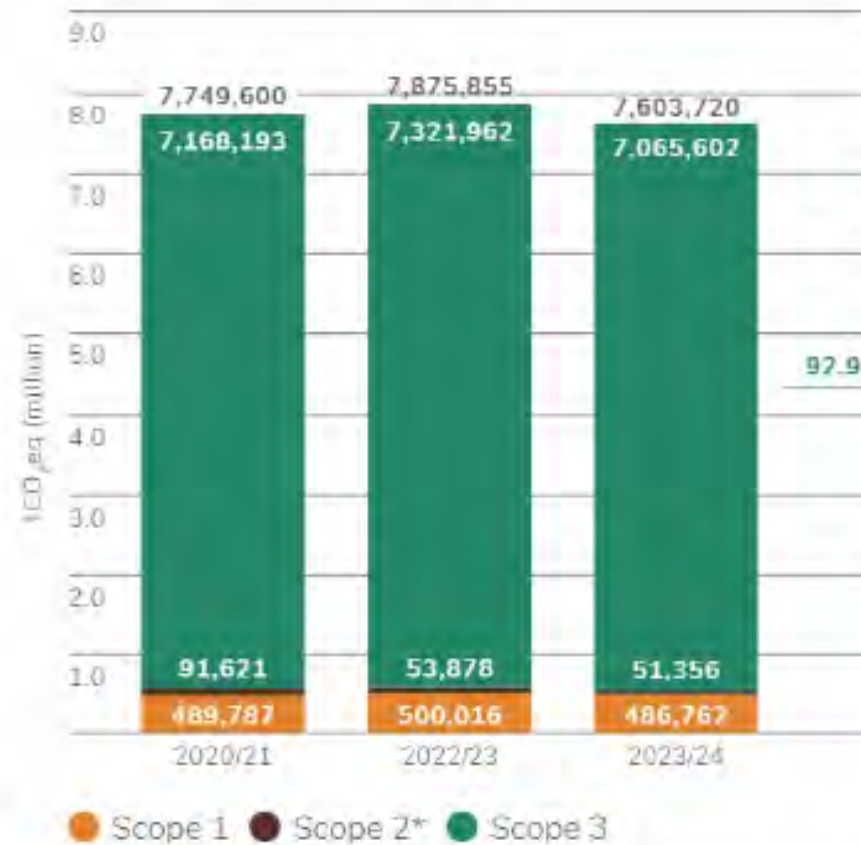
We produce and market **some of the world's best** loved confectionary products, and we strive to always offer high-quality and fresh products.

Sustainability long-term strategic priority areas for Ferrero

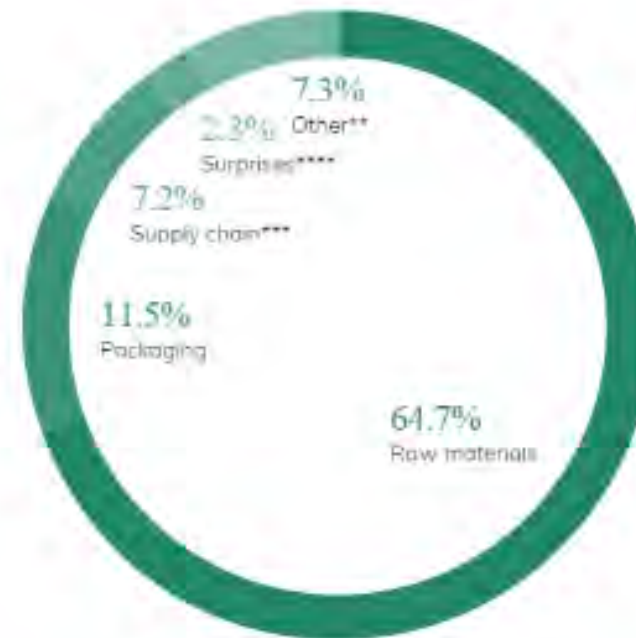


Ferrero GHG emissions

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.

HCo Global Presence

Hazelnuts are at the heart of Ferrero. In 2015, the Ferrero Hazelnut Company (HCo) was established as a dedicated division to consolidate all hazelnut-related activities under one structure, driving both quality and innovation. HCo represents the first example of a fully integrated value chain company in the hazelnut industry—managing every step from farming to the final consumer.





Context

Overall hazelnut with 3.5 B\$
market value & 1.25 MT production

3.5 B\$
market value
(global, 2024/25)

1.25 MT of
hazelnut
produced
(global, 2024/25)

...> 75 % coming from the top 3
producing countries



Türkiye

~785 kT



U.S.A.

~89 kT



Italy

~87 kT



Azerbaijan

~65 kT



Chile

~56 kT



China

~55 kT



Georgia

~45 kT



Iran

~18 kT



Spain

~12 kT

Note: Estimated production volume in shell, thousand tonnes (kT), 2024/25
Source: INC International Nuts & Dried Fruits

Overall hazelnut value chain
heavily fragmented

~1,100,000 Ha
Hazelnut
Orchards
Worldwide

~600,000
Farmers
Worldwide

...> 90 % of the cultivated area
concentrated in 5 producing countries



Türkiye
~758 kHa



Italy
~92 kHa



Chile
~49 kHa



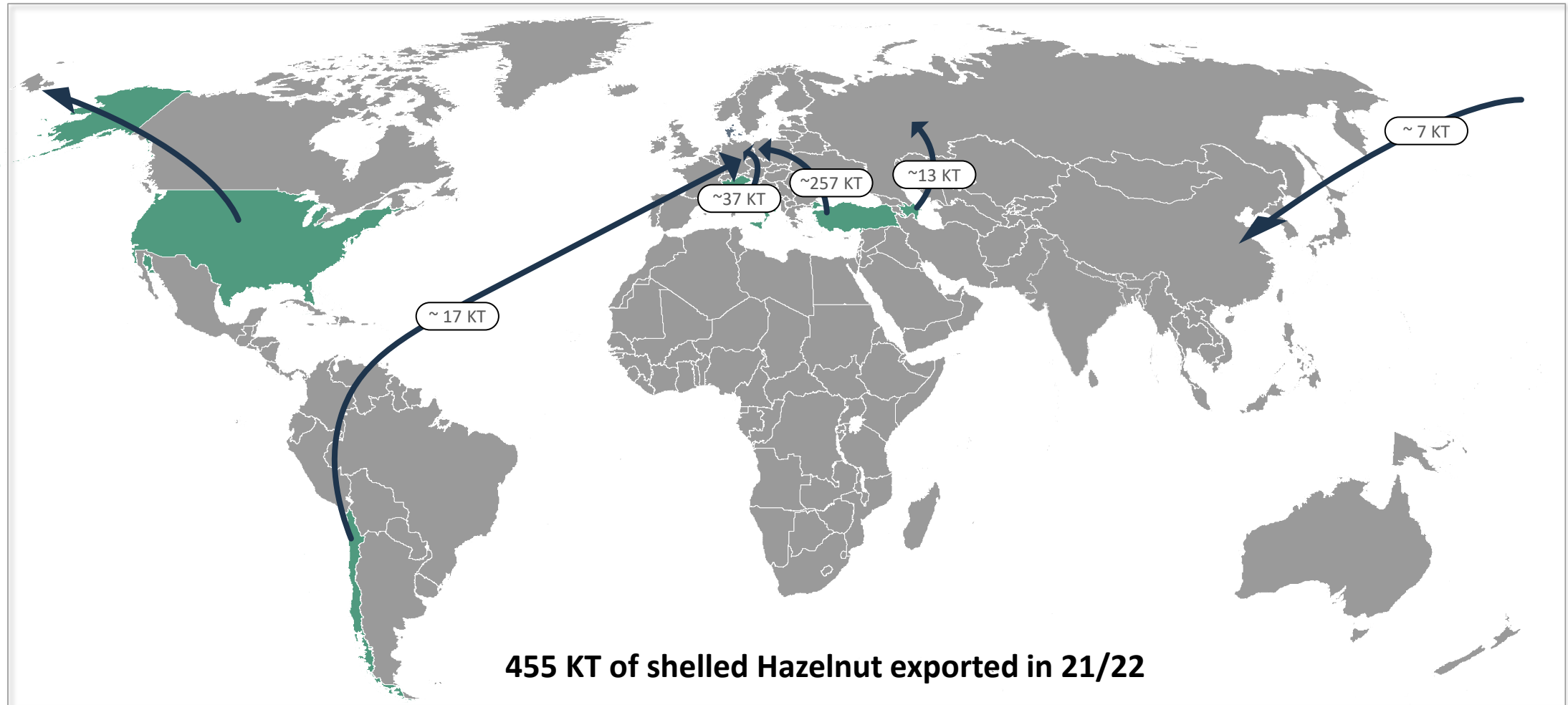
Georgia
~45 kHa



U.S.A.
~39 kHa

5 markets are top hazelnut exporters across top producing markets

Non-exhaustive



Understanding carbon sources and sinks on hazelnut farms

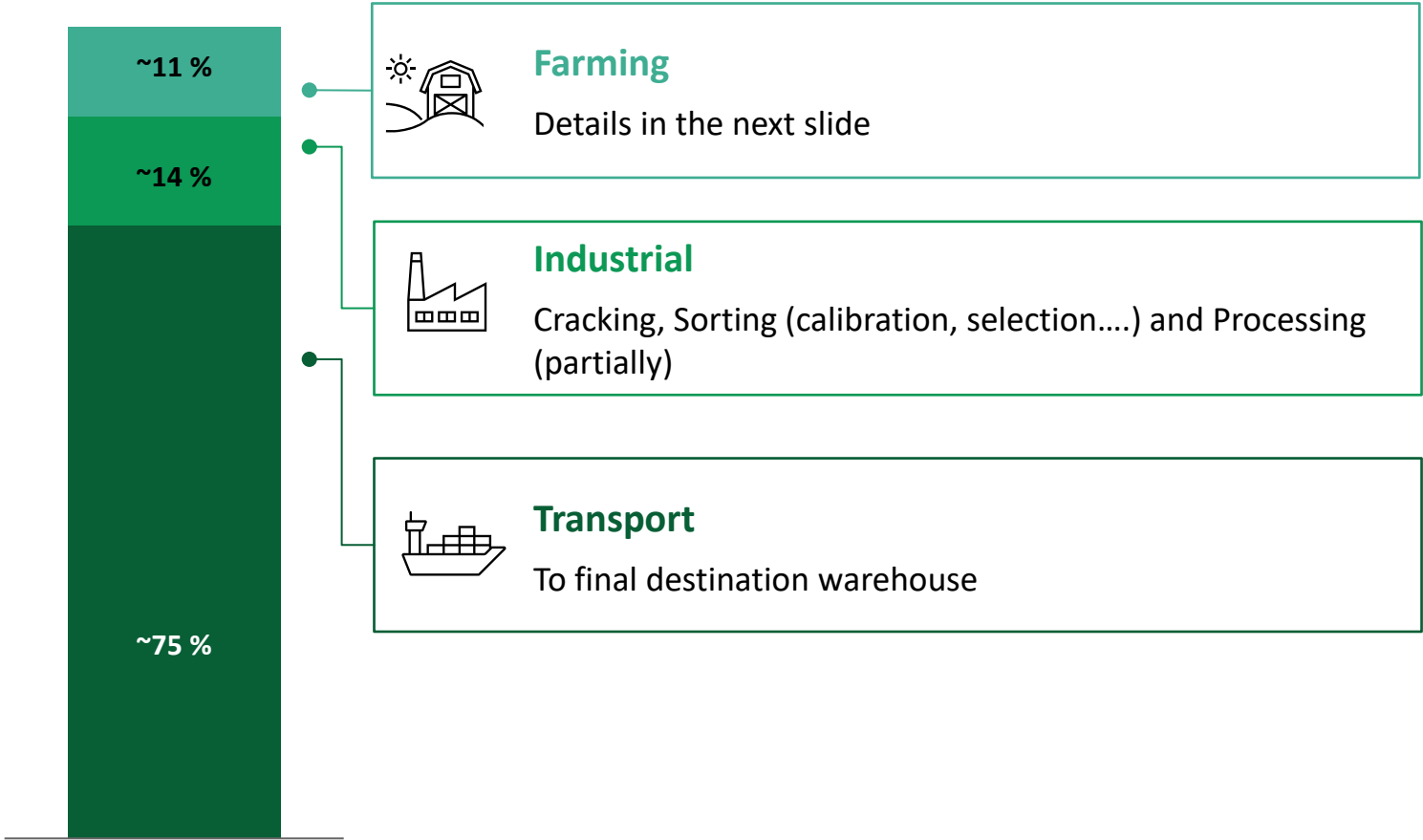


Hazelnut contribution in an integrated value chain

2.7*
Kg CO₂eq/kg

3 main drivers for hazelnut emissions – Wide angle

Emissions breakdown

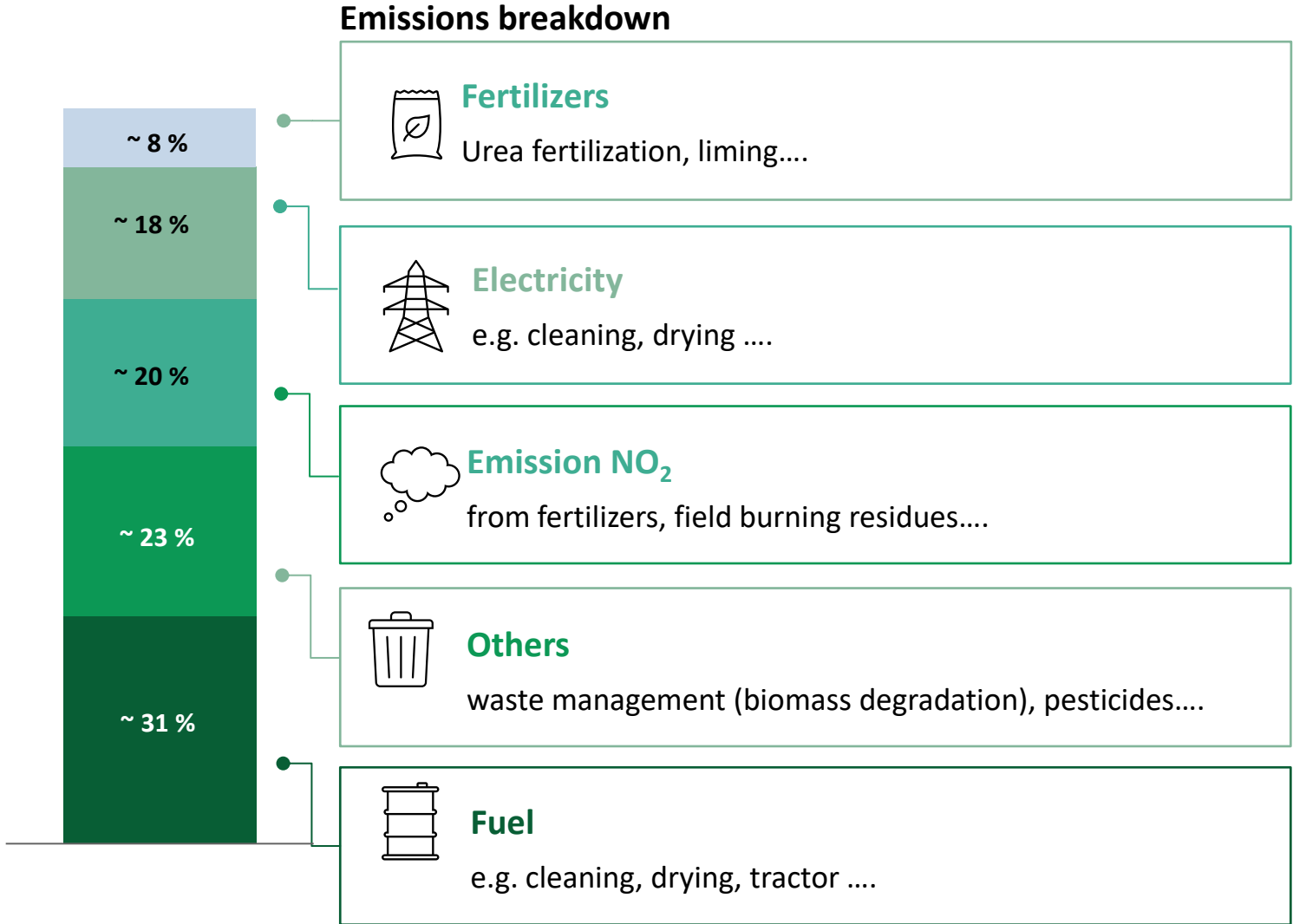


Note: *Global average emissions factor (intensity) for hazelnut .

Hazelnut Farming contribution – deep dive

0.3*
Kg CO₂eq/kg

5 main drivers for hazelnut emissions – Zoom



Note: *Global average emissions factor (intensity) for hazelnut .



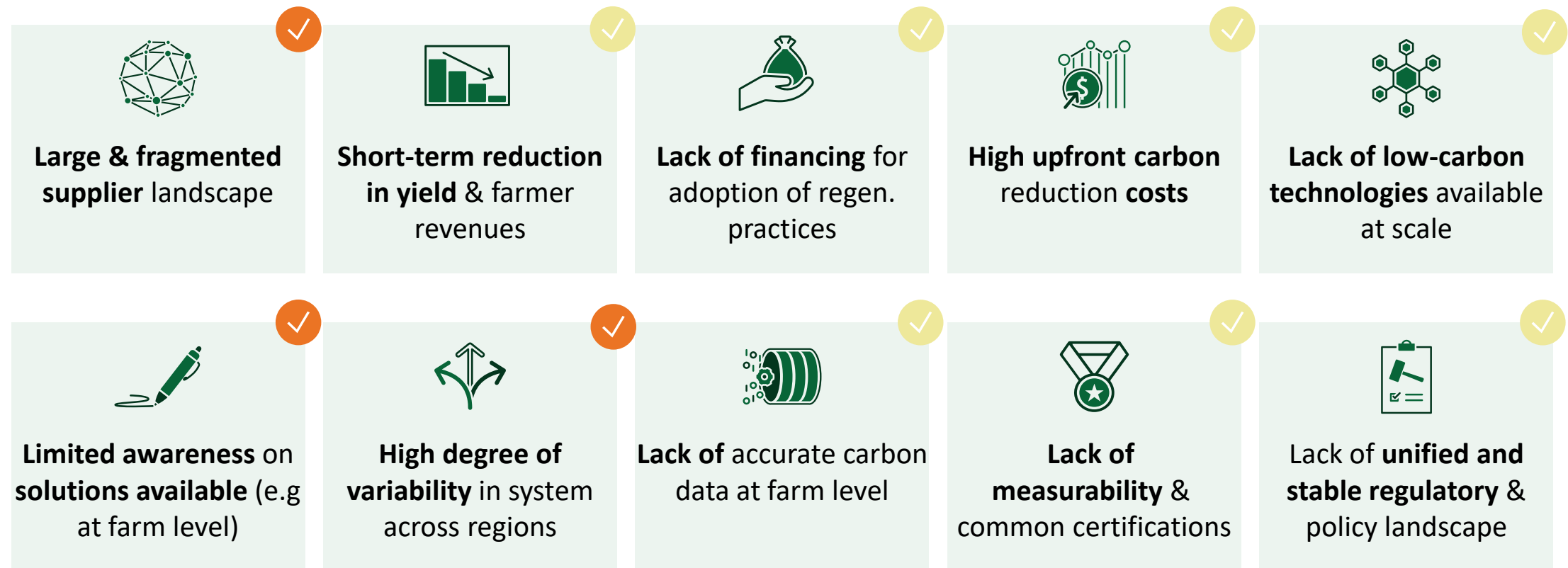
Regional specificities

The main archetype for hazelnut production is small holder farming

	Small farm	Medium farm	Large farm
Share of global production	~ 75 %	~ 15 %	~ 10 %
Average yield T/ha	<1T/ha	1-2 T/ha	>2T/ha
Cluster	Small size	Medium size	>Large size
Farm size	1-10 ha	11-30 ha	> 31 ha
Practices	Manual labor and small machinery – low input/low tech	Mostly Mechanized, Medium Tech and inputs	Highly Mechanized, High inputs, smart farming and efficient irrigation
Geographies	Türkiye, Azerbaijan, Samegrelo (Georgia), Campania-Piemonte (Italy)	Kakheti (Georgia), France, Lazio (Italy), Central Chile	Oregon (U.S.), Serbia. North and South Chile

Key challenges to address for hazelnut decarbonization

Key decarbonization challenges



Challenges with highest impact for commodity



Other applicable challenges



Solutions

Responsible sourcing strategy - 1

Risk

All categories: Due Diligence

Selected categories: Full approach

Mitigation Programs

Standards & Certifications

Supply Chain Visibility

Supplier Risk Mgmt.
(Due Diligence)

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

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

The Supplier Code and the followed by a due diligence-based approach. Upon considering the due diligence, the Supplier Code may be followed by specific Charter documents establishing Ferrero's commitment based on relevant provisions of the Ferrero Group.

2. APPLICATION AND SIGNIFICANCE

This Supplier Code applies to all Suppliers, regardless of their size, industry, role, or location, and/or provide goods or services that enter Ferrero's supply chain and where such Suppliers and Ferrero have a commercial relationship with Ferrero Group.

The Supplier Code focuses on three areas that are particularly important for the Ferrero Group: 1) Human Rights and Social Principles; 2) Environmental Protection and Sustainability; 3) Supplier Transparency.

Each of these areas will be addressed in the Supplier Code, which requires the development and deployment of suitable initiatives on an ongoing basis. The recognition of the need to collaborate with our

Shared with all Group's suppliers

FERRERO HAZELNUT CHARTER

We, the Ferrero Group (Ferrero) seek excellence along the whole value chain, with particular focus on social and environmental quality of the raw materials that we rely on for the production of our products.

OUR AMBITION

Our ambition is to be a Group that is committed to excellence along the whole value chain, with particular focus on social and environmental quality of the raw materials that we rely on for the production of our products.

OUR COMMITMENT

Our commitment is to ensure that the raw materials that we rely on for the production of our products are sourced in a way that is fair, sustainable and transparent.

OUR GOALS

Our goals are to ensure that the raw materials that we rely on for the production of our products are sourced in a way that is fair, sustainable and transparent.

OUR ACTIONS

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OUR RESULTS

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OUR IMPACT

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OUR FUTURE

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OUR REPUTATION

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OUR INNOVATION

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OUR SUSTAINABILITY

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OUR RESILIENCE

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OUR FLEXIBILITY

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FERRERO PALM OIL CHARTER

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FERRERO COCOA CHARTER

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FERRERO DAIRY CHARTER

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Responsible sourcing strategy - 2

The Ferrero Supplier Code outlines what responsible sourcing means for us, what our priorities are, and how we will work with all our suppliers to implement these along the following three pillars:



Responsible sourcing strategy - 3

Our ambition to contribute to a hazelnut industry that is good for people and nature, and our commitment to making this ambition a reality through our approach to hazelnut production and sourcing

FERRERO HAZELNUT CHARTER



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



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



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

The three pillars are founded on a **DUE DILIGENCE PROCESS** which covers all Ferrero suppliers.

3 case studies supported our commodity decarbonization journey



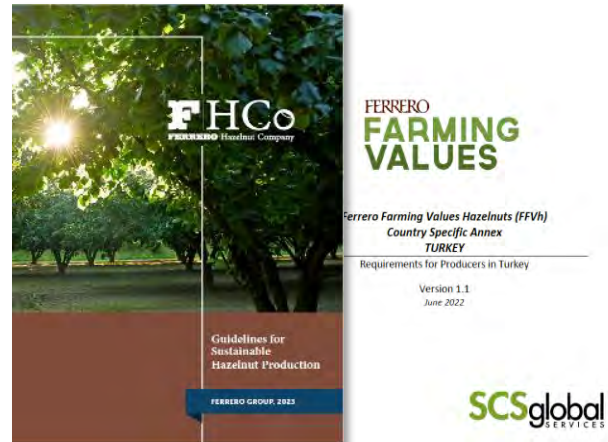
Setting the scene



Understand where our hazelnut are coming from and how they are produced



Standard, Certification & Knowledge sharing



Engage Farmers via knowledge sharing and certification

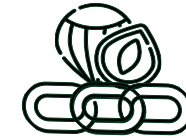


Innovation



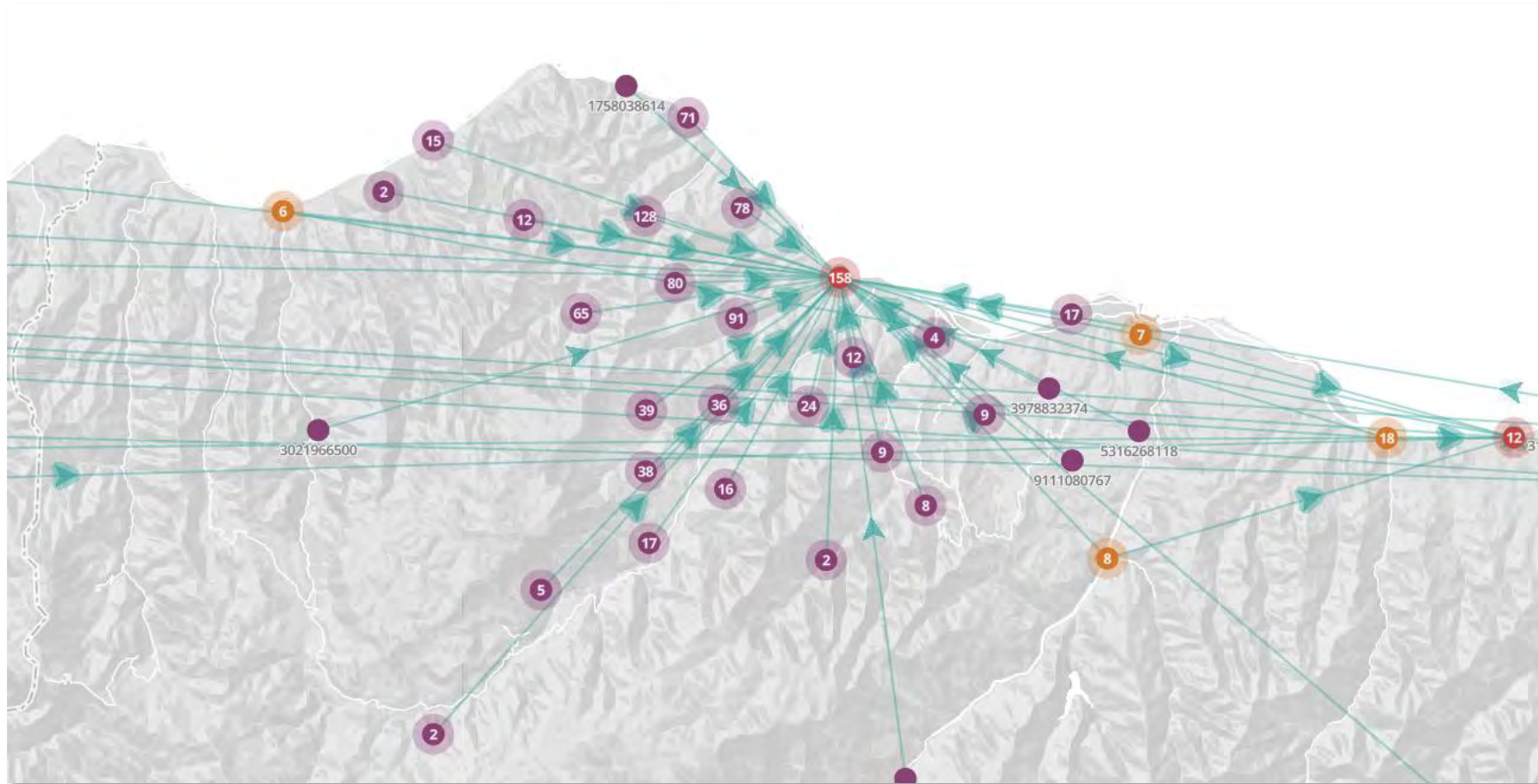
Driving innovation to further reduce our carbon footprint

Setting the scene - Traceability



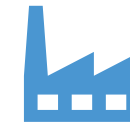
93,9 %

Traceable back to farm



10

Sourcing countries



~1,000

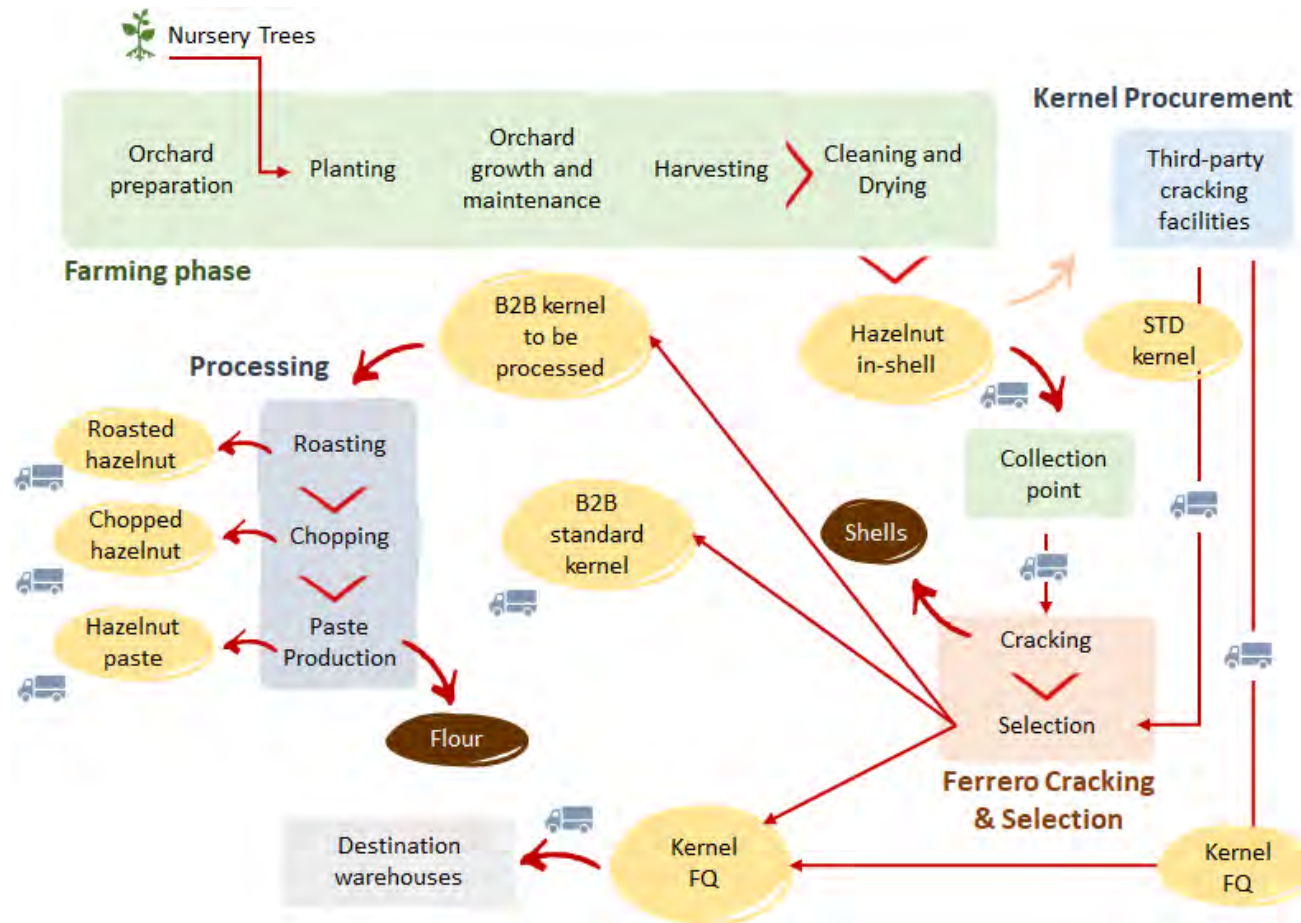
Suppliers / Growers



~65,000

Farmers

Setting the scene – Life cycle assessment



Most farms have a **negative carbon balance** due to:

- **C sequestration** in above and below ground biomass.
- **Land Use Change** (conversion from annual crops to orchards)

Main emission contributors are:

- Farming inputs (**Fertilizers**) and **diesel**
- **Electricity**
- Significant emissions from **transport** to warehouse/processing facilities

Standard and Certification- Ferrero Farming Value

Company Guidelines

Benchmark of existing standards

Standard

Country Specific Annex



Through the **Ferrero Farming Values** (FFV) programme, we work to make more quality sustainable hazelnuts available, with a focus on sustainable agricultural and social practices, and on enhancing traceability.

Standard & Certification - Ferrero Farming Value

24,958 FFV Farmers in Turkey



81,611 Ha of orchards under FFV

9 Agrifarms Certified SCS sustainably grown



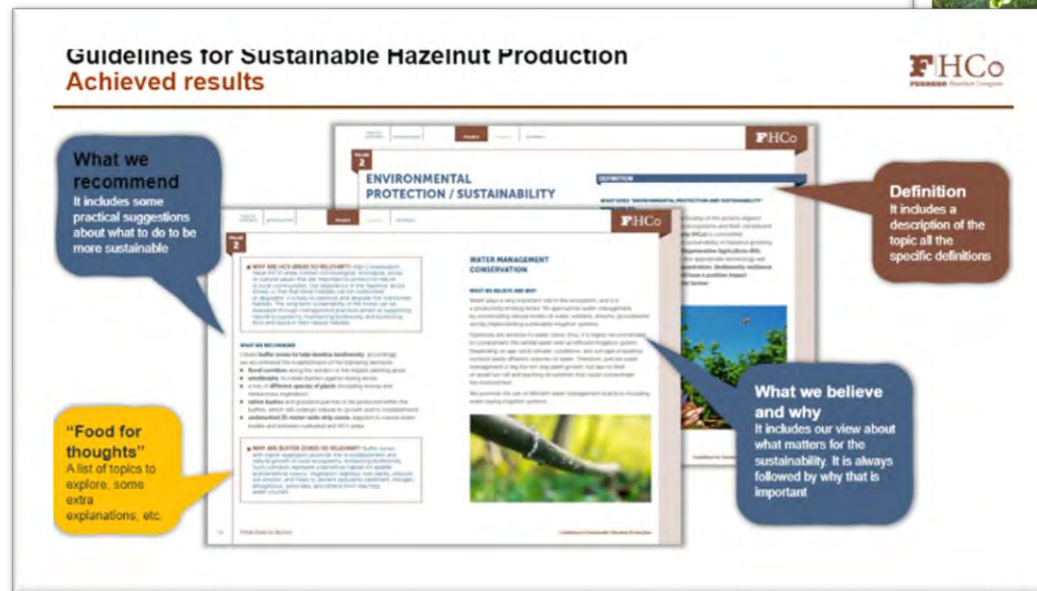
4,800 Ha of orchards certified



SOIL CONSERVATION	BIODIVERSITY PROTECTION	WATER MANAGEMENT CONSERVATION	PLANTS PROTECTION AND NUTRITION	WASTE MANAGEMENT
Soil health is crucial to preserve ecosystem services, mitigate climate change and achieving sustainable food productivity.	Biodiversity on the orchard is key for a balanced ecosystem. A wide range of heterogeneous plants and wildlife will increase the resilience of the plantation.	Water saving irrigation systems are essential. Ferrero believes we can make a positive impact on the cultivation system, promoting efficient water management practices.	It is fundamental, to minimize external inputs and work to rebuilt organic components of soil and hence sequester carbon within it. An integrated pest management approach is preferred.	Ferrero promotes the reduction of waste generation and its correct disposal, in order to protect the health of the environment and people.

Knowledge - Guidelines for Sustainable Hazelnut Production

Translating the **Hazelnut Charter** in a *practical* way, by consolidating the existing HCo training material on Good Social and Agricultural Practices, including **Regenerative Agriculture**



Reached
≈ 21k farmers



IUCN
endorsement*



Note: The *International Union for Conservation of Nature* (IUCN) is a membership Union uniquely composed of both government and civil society organizations. They have been selected and engaged for the **endorsement** of the booklet.

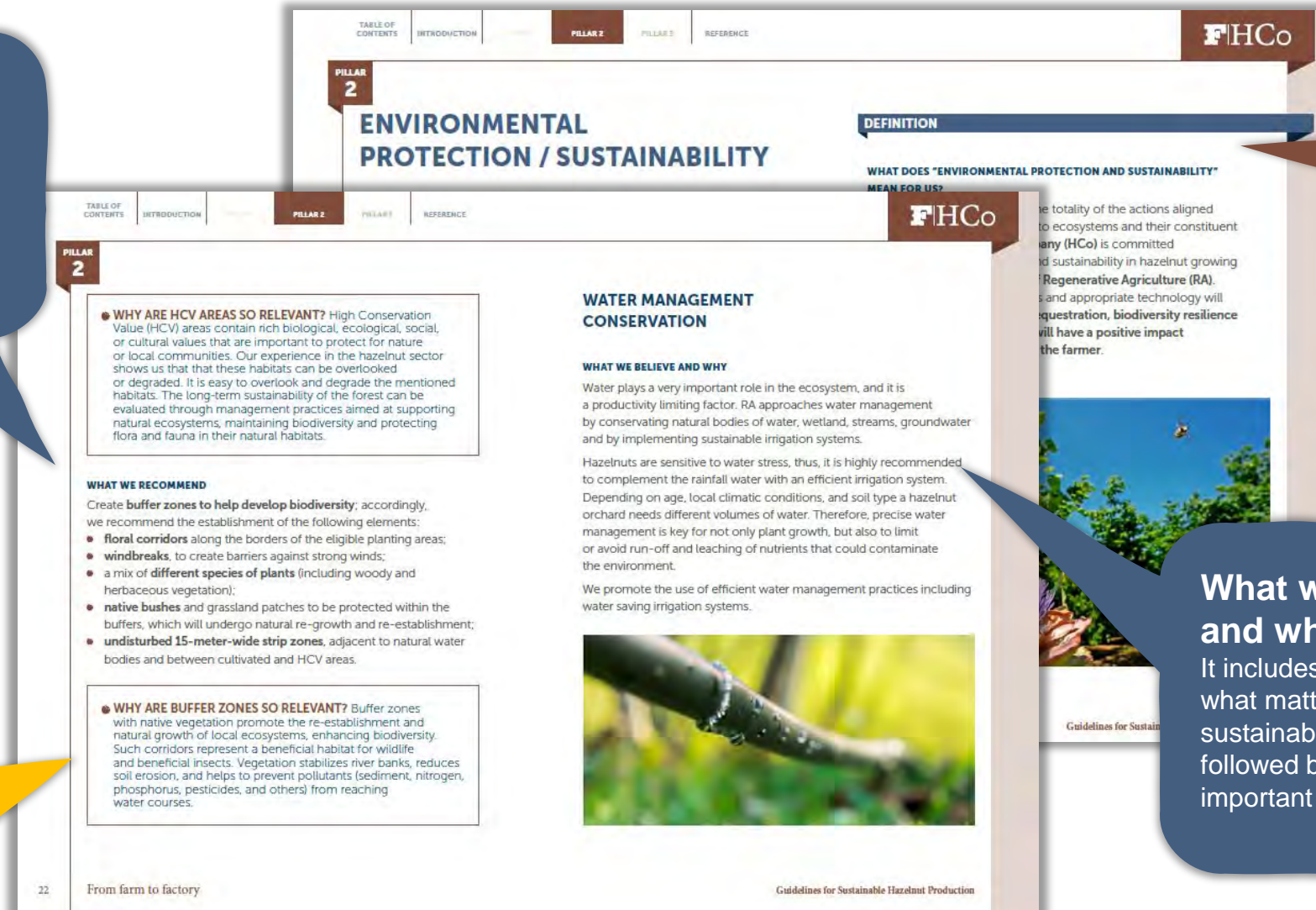
Knowledge - Guidelines for Sustainable Hazelnut Production

What we recommend

It includes some practical suggestions about what to do to be more sustainable

“Food for thoughts”

A list of topics to explore, some extra explanations, etc.



Definition

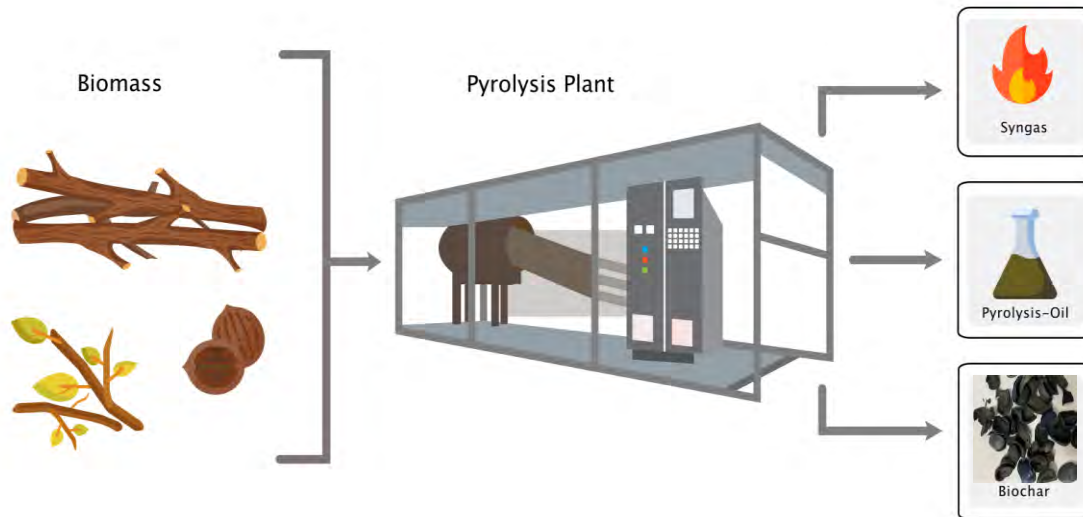
It includes a description of the topic all the specific definitions

What we believe and why

It includes our view about what matters for the sustainability. It is always followed by why that is important

Innovation - Shells management through pyrolysis

- Pyrolysis is the thermo-chemical conversion of organic materials (hazelnut shells, pruning) into **energy sources** (bio-oil, syngas) and **biochar**.
- Biochar is an organic material very rich in carbon (~ 90 %) which can remain stable in the soil for centuries. For this reason, it's considered one of the **most effective ways of capturing carbon**.



Different burning temperature generates

Pyrolysis (4-500°) - High production of biochar, low energy production

Gasification (7-900°) - Low production of biochar, high production of energy

Challenges

- High **capex** cost
- Need to build a **new supply chain**
- Low demand** for Biochar

Potential

- Great carbon sequestration (**Carbon farming**)
- Potential for **circular economy**
- Synergies** with pruning management



Trial of biochar application in a hazelnut orchard (Italy 2024)

A photograph of a hand reaching upwards from a field of wheat. The hand is positioned in the center, with fingers spread, reaching towards a pale, overcast sky. The wheat stalks are green and fill the foreground and middle ground, creating a textured, natural setting. A thin white horizontal line is positioned above the text.

Time for your questions

Not recorded – will not be available to the public

**Open discussion - Do we see opportunities
to partner & scale for impact?**

A pair of hands is shown holding a small, round object covered in vibrant green grass. The hands are positioned in the center-right of the frame, with fingers gently cupping the object. The background is a blurred green field, suggesting an outdoor setting. On the left side of the image, there is a solid green rectangular area containing the text "Thank you".

Thank you